



March 2026

## Artificial Intelligence and State Insurance Regulation

- *The NAIC supports state-based oversight of insurers' use of artificial intelligence (AI) and opposes federal preemption that would undermine consumer protections and the McCarran-Ferguson framework, which reserves insurance regulation to the states.*
- *AI is a tool used in underwriting, pricing, claims, fraud detection, and utilization management. It does not alter insurers' legal obligations. Existing state insurance laws apply regardless of whether decisions are made by humans, algorithms, or third-party vendors.*
- *State regulators have adopted AI principles, issued interpretive guidance, and deployed supervisory tools, while federal AI moratorium proposals would preempt effective state insurance regulation and create regulatory gaps.*

### Background

Artificial intelligence is increasingly used in underwriting, pricing, claims handling, fraud detection, and utilization management. As adoption expands, state insurance regulators, as the primary supervisors of insurer market conduct and solvency, are overseeing its use under existing statutory authority.

Through the NAIC, regulators have conducted multiple surveys across major insurance lines to build an empirical record of AI deployment and inform examinations and supervisory priorities. The NAIC adopted AI Principles in 2020 and a Model Bulletin in 2023 clarifying that existing insurance laws apply to AI systems and establishing expectations for governance, documentation, testing, and third-party oversight. Regulators are also piloting an evaluation tool to support examinations.

At the same time, Congress has considered AI moratorium proposals that would restrict or delay state oversight. Such federal preemption would create regulatory gaps and limit states' ability to enforce unfair discrimination and consumer protection laws. State regulators support responsible innovation, but insurance regulation should remain with the states.

### Key Points

- ✓ Insurance regulation is state-based, and states are already actively supervising AI use in a highly coordinated and consistent manner.
- ✓ The NAIC framework relies on existing legal authority, data-driven oversight, and clear governance expectations.
- ✓ Federal AI moratoriums would preempt effective state oversight and weaken consumer protections.