December 4, 2025

The Honorable John Thune
Senate Majority Leader
The U.S. Senate
511 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Chuck Schumer
Senate Minority Leader
The U.S. Senate
322 Hart Senate Office Building
Washington, DC 20510

The Honorable Mike Johnson
Speaker of the House
U.S. House of Representatives
U.S. Capitol Building
Washington, DC 20510

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
2433 Rayburn House Office Building
Washington, DC 20510

Dear Leader Thune, Leader Schumer, Speaker Johnson, and Leader Jeffries:

We write on behalf of state insurance regulators and the National Association of Insurance Commissioners (NAIC)[1]—which represents the chief insurance regulators in the 50 states, the District of Columbia, and the 5 U.S. territories—to reiterate our strong opposition to any proposal that would impose a broad federal moratorium on state legislative or regulatory authority over artificial intelligence.

For more than a century and a half, state insurance regulators have worked collaboratively to ensure a stable, fair, and consumer-focused insurance marketplace, adapting to new risks and technologies as they emerge. State regulation of insurance has long proven its effectiveness precisely because it is tailored to local needs and responsive to evolving market conditions. This system has not only protected consumers and fostered innovation but has also allowed for the flexibility and experimentation that is essential in a rapidly changing world. By allowing states to develop and implement appropriately tailored regulatory frameworks, the system ensures that oversight is both robust and adaptable.

State insurance regulators understand that AI is a transformative technology that can be leveraged to benefit insurance policyholders by, among other things, creating new product offerings, improving the efficiency of the insurance business, and transforming the consumer experience. However, we are concerned that any proposed AI moratorium would have unintended consequences, particularly given how past versions have defined artificial intelligence. Prior drafts have incorporated very broad federal definitions of "artificial intelligence," "artificial intelligence system," and "automated decision system," which capture not only advanced machine-learning systems but also a wide range of processes using existing analytical tools and software that insurers rely on every day. This would include calculations, simulations, and stochastic

[1] As part of our state-based system of insurance regulation in the United States, the NAIC provides expertise, data, and analysis for insurance commissioners to effectively regulate the industry and protect consumers. The U.S. standard setting organization is governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer reviews, and coordinate regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. For more information, visit www.naic.org.

forecasts performed in millions if not hundreds of millions of Excel spreadsheets, databases, coded scripts, and a multitude of InsurTech-provided analytical systems for rate setting, underwriting, and claims processing. Such a sweeping approach could prevent state regulators from reviewing or responding to new risks in these areas, even when no actual artificial intelligence is involved.

Furthermore, any moratorium could disrupt the well-established processes that state regulators use to review models and ensure fairness and transparency in insurance markets and ensure that premiums charged to the consumer are not inadequate or excessive. Insurers already use advanced analytics in rate setting, underwriting, and claims review,[2] and state regulators have developed rigorous review procedures to safeguard consumers from unfair or discriminatory practices. Restricting state oversight at this critical juncture would undermine these protections just as the use of predictive analytics is increasingly becoming more widespread and limit state regulators' ability to adapt the regulatory framework as AI and insurer use of AI develops.

Finally, federal preemption of state regulatory authority would represent a significant departure from the successful, collaborative model that has served consumers and insurers so well. State-based regulation of insurance has allowed for innovation and the sharing of best practices across jurisdictions, while also providing a safety net for consumers. A federal moratorium would create uncertainty—which could weaken the insurance market by increasing risk and delaying or impeding important business decisions and investments as insurers hedge their risks against an unclear regulatory landscape, potential legal challenges, or inconsistent application of standards—as well as delay needed consumer protections.[3]

The NAIC and its members are already leading efforts to address the challenges and opportunities presented by AI. For example, in 2023, the NAIC adopted a Model Bulletin requiring insurers to implement written AI governance programs that emphasize transparency, fairness, and risk management.[4] Over half of all states have adopted this or similar guidance, and more are following suit. State regulators, through the

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[2] NAIC Big Data and Artificial Intelligence (H) Working Group, *Life Insurance AI/ML Survey Results* (Dec. 2023), https://content.naic.org/sites/default/files/national_meeting/Life%20Insurance%20AI-ML-Survey-Results_Posted121423.pdf; *Materials for Spring 2025 National Meeting* (Mar. 26, 2025), https://content.naic.org/sites/default/files/national_meeting/Materials-Big-Data-AI-WG032625_0.pdf (slides 6–18).

[3] Any AI moratorium, unless explicitly drafted to exclude the "business of insurance", would create significant uncertainty for the insurance industry and state regulators. If an AI moratorium is enacted, it could be challenged in court under the McCarran-Ferguson Act. This is because the moratorium is a federal law of general applicability and does not specifically address the business of insurance. Moreover, its application would seemingly invalidate, impair, or supersede state laws that were enacted for the purpose of regulating the use of AI in the business of insurance. As a result, if it conflicts with state laws regulating the use of AI in the business of insurance, the state laws would "reverse preempt" the federal law—meaning the federal moratorium would *not* apply to the business of insurance, and the state laws would remain in effect. Until resolved, this could leave insurers and regulators in a state of legal ambiguity regarding the continued authority of states to regulate AI usage in the business of insurance. *See* 15 U.S.C. § 1012(b) (2020) (The McCarran-Ferguson Act provision stating that "[n]o Act of Congress shall be construed to invalidate, impair, or supersede any law enacted by any State for the purpose of regulating the business of insurance" unless the federal law "specifically relates to the business of insurance").

[4] NAIC, *Model Bulletin on the Use of Artificial Intelligence Systems by Insurers* (Dec. 4, 2023), https://content.naic.org/sites/default/files/inline-files/2023-12-4%20Model%20Bulletin_Adopted_0.pdf

NAIC, continue to develop model laws and seek input from stakeholders to ensure that regulatory frameworks keep pace with technological change.[5]

For these reasons, we urge Congress to reject language that would impose a federal moratorium on state AI legislation or regulation, or, at minimum, explicitly carve out state-regulation of AI as used by the business of insurance to avoid damaging regulatory uncertainty.[6] Instead, we encourage Congress to support continued collaboration between federal and state regulators, leveraging the NAIC's expertise and the proven effectiveness of state-based oversight. By working together, we can foster responsible AI innovation in the insurance sector while protecting consumers and maintaining a stable, competitive insurance marketplace.

Thank you for your attention to this important matter.

Jon Godfread
NAIC President
Commissioner
North Dakota Insurance and Securities Department

Scott White
NAIC President-Elect
Commissioner
Virginia Bureau of Insurance

Elizabeth Kelleher Dwyer
NAIC Vice President
Director
Rhode Island Department of Business Regulation

Jon Pike
NAIC Secretary-Treasurer
Commissioner
Utah Insurance Department

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[5] NAIC Big Data and Artificial Intelligence (H) Working Group, *Big Data and Artificial Intelligence (H) Working Group*, *available at* https://content.naic.org/committees/h/big-data-artificial-intelligence-wg.

[6] *See* Fn. 3 for a more detailed analysis of the potential legal uncertainty.