

FLORIDA HOUSE OF REPRESENTATIVES

BILL ANALYSIS

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BILL #: [HB 527](#)

TITLE: Mandatory Human Reviews of Insurance Claim Denials

SPONSOR(S): Cassel

COMPANION BILL: [SB 202](#) (Bradley)

LINKED BILLS: None

RELATED BILLS: None

Committee References

[Insurance & Banking](#)



[Commerce](#)

SUMMARY

Effect of the Bill:

The bill establishes a statutory framework governing the use of artificial intelligence (AI) in claims handling. Specifically, the bill prohibits insurers from denying or adjusting a claim based solely on the output of an AI system, algorithm, or machine learning system. Instead, the bill requires a qualified human professional to make all denial and adjustment decisions after analyzing the claim independently of any AI system, machine learning system, or algorithm. The bill also mandates detailed recordkeeping, certain disclosures in denial letters, and updates to claims-handling manuals for insurers who use AI as part of their claims-handling process.

Fiscal or Economic Impact:

There is an indeterminate fiscal impact on the private sector.

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ANALYSIS

EFFECT OF THE BILL:

The bill regulates the use of [artificial intelligence systems](#)¹, machine learning systems², and algorithms³ in insurance claims handling. (Section [1](#)). The bill prohibits the denial or adjustment of a claim based solely on these systems. (Section [1](#)). The bill requires that an individual with authority under the [Florida Insurance Code](#) to adjust or deny a claim must be the person who makes decisions regarding the adjustment or denial of a claim. The bill requires this individual, called a “qualified human professional,” to:

- analyze the claim independently of any AI system, machine learning system, or algorithm;
- review the accuracy of any output produced by an AI system, machine learning system, or algorithm; and
- review the claim decisions made by other qualified human professionals. (Section [1](#)).

The bill also requires insurers to maintain detailed records of claim denials, including:

- the name and title of the qualified human professional responsible for the decision;
- the date and time of the decision and any associated reviews of the claim adjustment; and
- documentation of the basis for denial including any information provided by any AI system, machine learning system, or algorithm. (Section [1](#)).

¹ The bill defines “artificial intelligence system” as a machine-based system that may have varying levels of autonomy and that can, for a given set of objectives, generate outputs, such as predictions, recommendations, or content, influencing decisions made in real or virtual environments.

² The bill defines “machine learning system” as an artificial intelligence system that has the ability to learn from provided data without being explicitly programmed.

³ The bill defines “algorithm” as a clearly specified mathematical process for computation which uses rules designed to give prescribed results.

STORAGE NAME: h0527.IBS

DATE: 12/2/2025

Additionally, the bill requires insurers to include in their denial letters to policyholders the identity of the qualified human professional, as well as an affirmation that an AI system, machine learning system, or algorithm was not the sole basis for the denial. (Section 1).

Insurers who use AI systems, machine learning systems, or algorithms as part of their claims handling process must update their claims handling manuals with details about how these systems are used by the insurer and how those processes comply with the bill’s requirements. (Section 1).

The bill grants the [Office of Insurance Regulation](#) (OIR) the authority to carry out market conduct examinations and investigations, or use any methods it deems necessary to verify compliance with the bill. (Section 1).

The bill provides an effective date of July 1, 2026. (Section 2).

RULEMAKING:

The bill grants rulemaking authority to the [Financial Services Commission](#) to implement the statutory framework regulating the use of artificial intelligence in claims handling by insurers created by this bill.

Lawmaking is a legislative power; however, the Legislature may delegate a portion of such power to executive branch agencies to create rules that have the force of law. To exercise this delegated power, an agency must have a grant of rulemaking authority and a law to implement.

FISCAL OR ECONOMIC IMPACT:

PRIVATE SECTOR:

Indeterminate fiscal impact. Insurance companies that use AI systems, machine learning systems, or algorithms may incur fiscal costs in order to comply with the bill.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

[Use of Artificial Intelligence Systems, Machine Learning Systems, and Algorithms by Insurers](#)

Artificial intelligence is the development of computer systems to perform tasks that normally require human intelligence, such as learning and decision-making.⁴ It enables computer systems to receive information that is either provided to them by others or gathered by them, which they can then process and respond to in some meaningful way. To a certain extent, AI systems can adjust their behavior by analyzing the results of prior actions and operating without direct human control.⁵

The use of AI is becoming more prevalent across all industries, and major companies like IBM, Apple, Google, and Amazon are using this technology internally and in their customer-facing products and services.⁶ AI technologies are increasingly being used in certain insurance operations, such as underwriting, customer service, marketing, fraud detection, and claims handling.⁷ A survey conducted by the National Association of Insurance Commissioners (NAIC) found that out of 193 auto insurers surveyed, 88% reported either using or having plans to use AI or

⁴ National Conference of State Legislatures (NCSL), *Artificial Intelligence 2025 Legislation*, July 10, 2025, <https://www.ncsl.org/technology-and-communication/artificial-intelligence-2025-legislation> (last visited Dec. 1, 2025).
⁵ European Parliament, *What is artificial intelligence and how is it used?*, E.U. News, Jun. 20, 2023, <https://www.europarl.europa.eu/topics/en/article/20200827STO85804/what-is-artificial-intelligence-and-how-is-it-used> (last visited Dec. 1, 2025).
⁶ National Association of Insurance Commissioners (NAIC), *Artificial Intelligence*, Jan. 17, 2025, <http://content.naic.org/insurance-topics/artificial-intelligence> (last visited Dec. 1, 2025).
⁷ *Id.*

machine learning systems.⁸ Similarly, out of 194 home insurers who responded to the NAIC survey, 70% of insurers either use or plan to use these systems.⁹ The property and casualty insurers who were surveyed reported using AI in claims handling to analyze accident images, to estimate claim settlement values, and to detect fraud.¹⁰

Florida Insurance Code

The Florida Insurance Code¹¹ provides the regulatory framework for admitted insurers in the state. Currently, the Florida Insurance Code does not regulate the use of artificial intelligence by insurers. However, insurers are bound by certain requirements relating to claims handling. For example, property insurers are required to develop a claims-handling manual that provides guidelines for processing claims that comply with all the requirements of the Florida Insurance Code, and it grants OIR the authority to request a copy of this manual.¹²

Office of Financial Regulation

The Office of Insurance Regulation (OIR) regulates all activities relating to insurers and other risk bearing entities, including licensing, rates, policy forms, marked conduct, claims, issuance of certificates of authority, solvency, viatical settlements, premium financing, and administrative supervision.¹³ The OIR is responsible for examining the affairs, transactions, accounts, records, and assets of each authorized insurer in the state.¹⁴ As part of that process, insurers must make available all records relating to the subject of the examination.¹⁵ The OIR is also authorized to carry out market conduct examinations to determine compliance with the Florida Insurance Code.¹⁶

Financial Services Commission

The Financial Services Commission is composed of the Governor, the Chief Financial Officer, the Attorney General, and the Commissioner of Agriculture and it serves as agency head of the OIR for purposes of rulemaking.¹⁷ The Financial Services Commission encompasses two offices: the Office of Insurance Regulation (responsible for insurers and risk bearing entities) and the Office of Financial Regulation (responsible for the regulation of banks, credit unions, other financial institutions, finance companies, and the securities industry).¹⁸

BILL HISTORY				
COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Insurance & Banking Subcommittee			Brackett	Miguez
Commerce Committee				

⁸ *Id.*
⁹ *Id.*
¹⁰ *Id.*
¹¹ See [s. 624.01, F.S.](#)
¹² [S. 627.4108, F.S.](#)
¹³ [S. 20.121\(3\)\(a\), F.S.](#)
¹⁴ [S. 624.316\(1\)\(a\), F.S.](#)
¹⁵ [S. 624.318\(2\), F.S.](#)
¹⁶ [S. 624.3161, F.S.](#)
¹⁷ [S. 20.121\(3\), F.S.](#)
¹⁸ *Id.*