

Locke Lord QuickStudy: Alaska Is First State to Adopt the NAIC AI Model Bulletin by Issuing Bulletin B 24-01 Governing Licensed Insurers' Use of AI

Locke Lord LLP

WRITTEN BY

Paige D. Waters

On February 1, 2024, Alaska became the first state to adopt the NAIC Model Bulletin on the *Use of Artificial Intelligence Systems by Insurers* by issuing a [new Bulletin](#) (“Bulletin B 24-01”). Bulletin B 24-01 is effective immediately and applies to all insurers holding certificates of authority to do business in Alaska. The Alaska Division of Insurance (“AK DOI”) stated “that decisions or actions impacting consumers made or supported by advanced analytical and computational technologies, including Artificial Intelligence (AI) Systems” must comply with applicable federal and state laws, including unfair and deceptive trade practices laws.^[1] It sets forth the AK DOI’s **expectations** and puts insurers on notice that market conduct examinations and investigations will include requests for information and documentation regarding the insurer’s use of AI Systems. It makes clear that insurers’ decisions resulting from the use of AI must not be “inaccurate, arbitrary, capricious, or unfairly discriminatory.”

Bulletin B 24-01 provides guidance to insurers using AI, including addressing:

- A Governance framework
- Controls that mitigate the risk of Adverse Consumer Outcomes
- Written AIS Program policies and procedures
- Risk management controls
- Internal audits
- Testing
- Reporting to the insurer’s board of directors
- Third party vendor management and accountability

Bulletin B 24-01 is intended to guide insurers in their use of AI Systems, but does not have the same effect as an enacted statute or regulation. The AK DOI encourages technological innovation and the safe use of AI and recognizes that it’s not a “one size fits all” proposition. Bulletin B 24-01 does not prescribe specific requirements for documentation or AI practices, but makes it clear that the AK DOI will regulate insurers’ use of AI Systems under existing laws.

Please reach out to your Locke Lord attorney for further information.

[1] Insurers are expected to adopt practices, including governance frameworks and risk management protocols, that are designed to ensure the use of AI Systems does not result in: 1) unfair trade practices, as defined in A.S. 21.36.010 – A.S. 21.36.120 and A.S. 21.36.130 – A.S. 21.36.920; or 2) unfair claims settlement practices, as defined in A.S. 21.36.125; Corporate Governance Annual Disclosure Model Act adopted as A.S. 21.09.400 – 21.09.460; Property and Casualty Model Rating Law adopted as A.S.

21.39.010 – A.S. 21.39.070 and 3 A.A.C. 29.200 – 3 A.A.C. 29.300.

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