2026 Regular Session

HOUSE BILL NO. 880

BY REPRESENTATIVE JORDAN

INSURANCE: Creates the Louisiana Artificial Intelligence Insurance Fairness Act

1   AN ACT

2   To enact Chapter 14 of Title 22 of the Louisiana Revised Statutes of 1950, comprised of

3   R.S. 22:1401 through 1424, to be known as the "Louisiana Artificial Intelligence

4   Insurance Fairness Act"; to establish standards for the use of artificial intelligence

5   and algorithmic decision systems in insurance underwriting, rating, and claims

6   adjustment; to prohibit unfair discrimination through algorithmic means; to require

7   disparate impact audits, consumer disclosures, and explainability; to authorize

8   rulemaking and enforcement; to provide civil penalties and a private right of action;

9   and to provide for related matters.

10   Be it enacted by the Legislature of Louisiana:

11   Section 1. Chapter 14 of Title 22 of the Louisiana Revised Statutes of 1950,

12   comprised of R.S. 22:1401 through 1424, is hereby enacted to read as follows:

13   §1401. Short Title

14   This Chapter shall be known and may be cited as the "Louisiana Artificial

15   Intelligence Insurance Fairness Act" or the "LAIFA."

16   §1402. Legislative Findings and Purpose

17   A. The Legislature finds and declares:

18   (1) Artificial intelligence, machine learning, and algorithmic decision

19   systems are being rapidly deployed across the insurance industry to make decisions

20   about coverage eligibility, premium pricing, claims handling, and policy renewal.

1   (2) These algorithmic systems present significant risks of unfair

2   discrimination. Machine learning models trained on historical data inherit the biases

3   embedded in that historical data, including the effects of past discrimination in

4   housing, lending, insurance, and economic opportunity. When used in insurance

5   without adequate safeguards, such models can perpetuate and amplify discrimination

6   against communities protected under Louisiana and federal law.

7   (3) Black, Hispanic, Indigenous, and other minority communities,

8   communities with lower incomes, communities with older housing stock, and

9   communities located in historically redlined areas are particularly vulnerable to

10   disparate harm from algorithmic insurance practices.

11   (4) Louisiana's homeowners and small business owners within protected

12   classes, already facing a challenged insurance market, are at heightened risk of being

13   further disadvantaged by opaque algorithmic underwriting and pricing systems.

14   (5) Transparency in insurance decision-making is essential to enabling

15   consumers to understand and challenge decisions that affect their access to insurance

16   and their cost of coverage.

17   (6) The responsible use of artificial intelligence in insurance can reduce

18   costs, improve efficiency, and expand coverage if properly regulated. This Act is not

19   intended to prohibit the use of AI in insurance, but to ensure that such use is fair,

20   transparent, and accountable.

21   (7) Louisiana has a compelling interest in regulating the use of algorithmic

22   decision systems in insurance consistent with its longstanding prohibitions on unfair

23   discrimination in insurance practices.

24   B. The purpose of this Act is to:

25   (1) Establish clear standards for the development, testing, and deployment

26   of AI systems used in insurance decisions;

27   (2) Require insurers to conduct and certify annual disparate impact audits of

28   algorithmic systems;

1   (3) Prohibit the use of variables that function as proxies for protected class

2   membership in ways that produce discriminatory outcomes;

3   (4) Ensure that consumers have access to meaningful explanations when

4   algorithmic systems are used in adverse insurance decisions;

5   (5) Establish a private right of action for individuals subjected to

6   discriminatory algorithmic insurance practices; and

7   (6) Position Louisiana as a national leader in the fair and responsible

8   regulation of AI in insurance.

9   §1403. Definitions

10   As used in this Chapter, unless the context clearly requires otherwise:

11   (1) "Adverse action" means a denial of insurance coverage, a cancellation

12   or nonrenewal of an insurance policy, an increase in premium or surcharge, a

13   reduction in coverage limits or benefits, or any other action by an insurer that is

14   materially unfavorable to an insurance consumer.

15   (2) "Algorithmic decision system" or "ADS" means any computational

16   process, including one derived from machine learning, artificial intelligence,

17   statistical modeling, or other data processing, that processes personal information to

18   generate a score, classification, recommendation, or decision that is used by an

19   insurer in making insurance decisions. The term includes both systems developed

20   by the insurer and third-party systems licensed or contracted by the insurer.

21   (3) "Artificial intelligence" means machine-based systems that use statistical

22   and computational methods to perform tasks that would otherwise require human

23   intelligence, including classification, prediction, recommendation, and

24   decisionmaking.

25   (4) "Commissioner" means the Commissioner of Insurance of the State of

26   Louisiana.

27   (5) "Consumer" means any individual who is an applicant for, policyholder

28   of, or claimant under an insurance policy regulated by this Act.

1   (6) "Covered insurer" means any insurer authorized to transact insurance in

2   Louisiana that uses an algorithmic decision system in connection with personal lines

3   homeowners insurance, commercial lines property and casualty insurance, personal

4   automobile insurance, commercial automobile insurance, health insurance, or life

5   insurance issued in Louisiana.

6   (7) "Disparate impact" means a materially adverse and statistically significant

7   difference in insurance outcomes, including denial rates, premium levels, or claims

8   payment rates, between consumers who are members of a protected class and

9   similarly situated consumers who are not members of that protected class.

10   (8) "Explainability" means the capacity of an insurer to provide a specific,

11   intelligible, and actionable explanation of the factors that most contributed to a

12   particular insurance decision made with the assistance of an algorithmic decision

13   system.

14   (9) "Input variable" means any data element or feature used as an input to

15   an algorithmic decision system.

16   (10) "Insurance decision" means any decision by a covered insurer regarding

17   underwriting, rating, policy issuance, renewal, cancellation, or claims handling.

18   (11) "Protected class" means any category of persons protected from

19   discrimination under applicable Louisiana or federal law, including but not limited

20   to race, color, religion, sex, national origin, disability, age, familial status, and sexual

21   orientation.

22   (12) "Proxy variable" means an input variable that is not a protected class

23   characteristic itself but is statistically correlated with membership in a protected class

24   in a manner that causes or contributes to disparate impact on that protected class.

25   (13) "Third-party model" means an algorithmic decision system developed,

26   owned, or operated by a person other than the covered insurer, licensed or contracted

27   to the insurer for use in insurance decisions.

28   §1404. Scope and Applicability

1   A. This Chapter applies to all covered insurers transacting insurance in

2   Louisiana.

3   B. The obligations imposed by this Chapter apply to:

4   (1) Algorithmic decision systems developed by the covered insurer;

5   (2) Third-party algorithmic decision systems used by the covered insurer;

6   and

7   (3) Hybrid systems combining algorithmic outputs with human underwriting

8   judgment.

9   C. The use of a third-party model does not relieve a covered insurer of any

10   obligation under this Chapter. Covered insurers shall contractually require third-

11   party model providers to supply the information and access necessary for the insurer

12   to fulfill its obligations under this Chapter.

13   D. This Chapter does not apply to:

14   (1) Basic actuarial calculations or rating factor applications that do not

15   involve machine learning or AI components;

16   (2) Fraud detection systems used exclusively to detect insurance fraud,

17   provided such systems are not used to influence coverage or pricing decisions for

18   consumers who are not suspected of fraud; or

19   (3) Internal administrative systems that do not affect insurance decisions

20   regarding consumers.

21   §1405. Fairness Standards

22   A. No covered insurer shall use an algorithmic decision system in a manner

23   that:

24   (1) Intentionally considers the protected class membership of any consumer

25   as an input variable;

26   (2) Uses input variables that are proxy variables for protected class

27   membership and that produce a disparate impact on a protected class, unless the

28   insurer demonstrates that each such variable is actuarially justified by sound actuarial

1   principles and the least discriminatory alternative sufficient to achieve the actuarial

2   purpose; or

3   (3) Produces decisions that are arbitrary, capricious, or bear no rational

4   relationship to the risk of loss being assessed.

5   B. The following input variables are presumed to function as proxy variables

6   that may produce disparate impact and shall be subject to heightened scrutiny under

7   this Chapter:

8   (1)   Credit scores or credit-based insurance scores used in personal

9   automobiel or homeowners insurance underwriting or rating;

10   (2) Geographic variables at the census tract, ZIP code, or neighborhood level

11   where those variables are correlated with the racial, ethnic, or national origin

12   composition of the area;

13   (3) Prior insurance coverage gaps or lapses, when used without adjustment

14   for demographic patterns in coverage gaps;

15   (4) Education or occupation variables;

16   (5) Social media data or online behavioral data; and

17   (6) Consumer purchasing patterns or retail transaction data.

18   C. Use of a presumptive proxy variable is not automatically prohibited, but

19   an insurer using such a variable bears the burden of demonstrating, in its disparate

20   impact audit required under Section 1407, that the variable does not produce a

21   statistically significant disparate impact on any protected class, or that the disparate

22   impact is justified by actuarial necessity and no less discriminatory alternative exists.

23   §1406. Governance Requirements for Algorithmic Systems

24   A. Each covered insurer that uses an algorithmic decision system shall adopt

25   written governance policies and procedures for the development, validation,

26   deployment, monitoring, and retirement of such systems. At a minimum, these

27   policies shall address:

28   (1) The roles and responsibilities of persons involved in developing,

29   validating, and overseeing algorithmic systems;

1   (2) testing requirements, including disparate impact testing before any new

2   or materially modified system is deployed;

3   (3) Ongoing monitoring requirements to detect model drift, performance

4   degradation, or emerging disparate impact;

5   (4) Procedures for investigating and remedying identified fairness issues;

6   (5) Documentation requirements to maintain records sufficient to

7   demonstrate compliance with this Chapter; and

8   (6) Escalation procedures for significant fairness concerns identified by staff.

9   B. Covered insurers shall designate a senior officer with responsibility for

10   AI governance and compliance with this Chapter.

11   C. Covered insurers shall train relevant staff on the requirements of this

12   Chapter and on the principles of fair and responsible AI use in insurance.

13   §1407. Disparate Impact Audits

14   A. Each covered insurer shall conduct an annual disparate impact audit of

15   each algorithmic decision system used in insurance decisions affecting Louisiana

16   consumers.

17   B. The disparate impact audit shall:

18   (1) Analyze insurance outcomes — including coverage denial rates,

19   premium levels, claims payment rates, and claims denial rates — disaggregated by

20   race, color, national origin, sex, age, disability status, and geographic area;

21   (2) Apply statistical testing appropriate to the size and nature of the insurer's

22   Louisiana book of business to determine whether disparate impact exists at a level

23   of statistical significance;

24   (3) Assess the contribution of each input variable to any identified disparate

25   impact;

26   (4) Evaluate whether less discriminatory alternatives exist that would

27   achieve the insurer's actuarial objectives with reduced disparate impact; and

28   (5) Document the methodology, findings, and any corrective actions taken

29   or planned.

1   C. The disparate impact audit shall be conducted by a qualified independent

2   actuary or data scientist. An actuary conducting an audit under this section shall be

3   a Fellow of the Casualty Actuarial Society, a Fellow of the Society of Actuaries, or

4   a Fellow of the American Academy of Actuaries. A data scientist conducting an

5   audit under this section shall have demonstrated expertise in algorithmic fairness

6   methods.

7   D. Where an insurer lacks sufficient Louisiana-specific data to conduct a

8   statistically reliable audit, the insurer shall use national data supplemented by

9   Louisiana-specific information to the extent available, and shall note this limitation

10   in the audit report.

11   E. Covered insurers shall file a Disparate Impact Audit Certification with the

12   Commissioner annually, no later than June 30 of each year. The certification shall

13   be signed by the insurer's senior AI governance officer and shall include:

14   (1) A summary of each algorithmic system audited;

15   (2) A statement of whether any disparate impact was identified;

16   (3) If disparate impact was identified, a description of the corrective actions

17   taken or a justification demonstrating actuarial necessity and absence of a less

18   discriminatory alternative; and

19   (4) A certification that the audit was conducted in accordance with this

20   section.

21   F. The Commissioner shall maintain a public registry of Disparate Impact

22   Audit Certifications, redacted of confidential proprietary information as provided in

23   Section 1413.

24   §1408. Prohibited Variables

25   A. Notwithstanding any actuarial justification, the following variables shall

26   not be used as input variables in algorithmic decision systems for homeowners

27   insurance underwriting or rating in Louisiana:

28   (1) Credit scores or credit-based insurance scores;

1   (2) Race, color, religion, national origin, sex, disability, familial status, age,

2   or sexual orientation of any consumer;

3   (3) Membership in any protected class as defined in this Chapter;

4   (4) Social media activity, social network connections, or online behavioral

5   data; and

6   (5) Consumer purchasing data from retail transactions.

7   B. For commercial lines insurance, use of the variables in subsection A(2)

8   and A(3) is prohibited. Use of other variables in subsection A may be permitted

9   upon demonstration to the Commissioner that the variable is actuarially justified and

10   does not produce disparate impact.

11   C. The Commissioner may, by rule, designate additional prohibited variables

12   based on evidence of disparate impact or the absence of actuarial justification.

13   §1409. Claims Adjustment AI Standards

14   A. No covered insurer shall use an algorithmic decision system to generate

15   a final claims payment determination without human review and approval of each

16   determination by a licensed claims professional.

17   B. The human reviewer of an AI-assisted claims determination shall:

18   (1) Have sufficient authority to override the algorithmic determination;

19   (2) Have access to the specific factors driving the algorithmic determination;

20   and

21   (3) Document the basis for approval, modification, or override of each

22   determination.

23   C. An insurer shall not use an algorithmic claims system to generate initial

24   settlement offers designed to be lower than the expected value of the claim with the

25   purpose of settling claims below their true value. Any algorithmic determination that

26   an insurer intends to use as a settlement offer shall be based on objective property

27   and liability valuation data.

1   D. The Commissioner may conduct market conduct examinations of insurers'

2 AI claims systems to assess compliance with this section and the overall fairness of

3 claims outcomes by protected class.

4 §1410. Disclosure of AI Use

5   A. Every covered insurer shall disclose to consumers, at the time of

6 application, renewal, or any adverse action, whether an algorithmic decision system

7 was used in making the insurance decision affecting that consumer.

8   B. The disclosure shall be clear, conspicuous, and understandable to a

9 consumer without specialized knowledge, and shall appear in the following language

10 or substantially similar language:

11   "[Insurer name] uses automated or artificial intelligence systems to assist in

12 insurance decisions. Your [application/renewal/claim] has been processed using

13 such a system. You have the right to request an explanation of the factors that most

14 influenced this decision."

15   C. When a covered insurer interacts with a consumer through an automated

16 chatbot, virtual assistant, or similar automated system, the insurer shall clearly

17 disclose to the consumer at the beginning of the interaction that they are

18 communicating with an automated system and not a human representative.

19 §1411. Right to Explanation

20   A. Any consumer who is the subject of an adverse action involving the use

21 of an algorithmic decision system has the right to request, within thirty (30) days of

22 the adverse action, a written explanation of the decision.

23   B. Upon receipt of a request for explanation, the covered insurer shall, within

24 twenty-one (21) days, provide the consumer with:

25   (1) A clear statement of the nature of the adverse action;

26   (2) A plain language description of the top factors that most significantly

27 contributed to the adverse action, ranked in order of their relative contribution;

28   (3) A description of the data sources used in the decision;

29   (4) Information about the consumer's right to correct inaccurate data; and

1   (5) Information about the consumer's right to file a complaint with the

2   Commissioner and to seek a review of the decision.

3   C. The explanation required by this section shall be specific to the individual

4   consumer and shall not consist solely of generic descriptions of the algorithmic

5   system. The explanation shall be sufficiently specific to enable the consumer to

6   understand what, if anything, they could do differently to obtain a more favorable

7   outcome.

8   D. An insurer's assertion of trade secret protection for its algorithmic system

9   does not relieve the insurer of its obligation to provide consumer-specific

10   explanation under this section. The Commissioner shall by rule establish standards

11   for providing meaningful explanation while protecting legitimate trade secrets.

12   §1412. Right to Human Review

13   A. Any consumer who has received an adverse action based wholly or

14   substantially on the output of an algorithmic decision system may, within thirty (30)

15   days of receiving the adverse action notice or explanation, request human review of

16   the decision.

17   B. Upon receipt of a request for human review, the covered insurer shall:

18   (1) Assign a qualified human underwriter or claims professional to

19   independently review the decision;

20   (2) Complete the review and provide a written determination within thirty

21   (30) days of the request; and

22   (3) Provide the consumer with a written explanation of the human reviewer's

23   determination.

24   C. The human reviewer shall have full authority to modify or reverse the

25   original adverse action. The human reviewer's determination shall be based on the

26   specific facts of the consumer's situation and shall not be simply a reendorsement of

27   the algorithmic output.

28   §1413. Data Accuracy and Correction

1   A. Each covered insurer shall maintain reasonable procedures to ensure the

2   accuracy of data used in algorithmic decision systems.

3   B. Any consumer has the right to:

4   (1) Request that the insurer identify the data sources used in making an

5   insurance decision affecting that consumer;

6   (2) Dispute the accuracy of data used in an adverse action; and

7   (3) Have inaccurate data corrected and the adverse action reconsidered.

8   C. Upon receipt of a dispute regarding data accuracy, the covered insurer

9   shall, within thirty (30) days, investigate the dispute and either correct the data and

10   reconsider the decision or notify the consumer of the insurer's determination that the

11   data is accurate.

12   §1414. Commissioner Authority and Rulemaking

13   A.   The Commissioner shall have authority to promulgate rules and

14   regulations necessary to implement this Chapter, including rules governing:

15   (1)   Standards for disparate impact audits, including acceptable

16   methodologies and statistical significance thresholds;

17   (2) The format and content of Disparate Impact Audit Certifications;

18   (3) Additional prohibited variables;

19   (4) Standards for AI governance policies;

20   (5) The format and content of consumer disclosures and explanations; and

21   (6) Procedures for market conduct examinations related to AI systems.

22   B.   In promulgating rules under this Chapter, the Commissioner shall

23   consider guidance from the National Association of Insurance Commissioners,

24   National Council of Insurance Legislators, the Federal Trade Commission, and other

25   relevant regulatory bodies.

26   C. The Commissioner shall consult with the Louisiana Legislative Black

27   Caucus, consumer advocacy organizations, civil rights organizations, and

28   representatives of the insurance industry in developing rules under this Chapter.

29   §1415. Market Conduct Examinations

1   A. The Commissioner may conduct market conduct examinations of covered

2   insurers to assess compliance with this Chapter.

3   B. As part of a market conduct examination, the Commissioner may require

4   a covered insurer to:

5   (1) Provide documentation of its AI governance policies and procedures;

6   (2) Provide access to its algorithmic decision systems and the data used by

7   those systems;

8   (3) Provide complete disparate impact audit reports, not merely the

9   certifications filed with the Commissioner; and

10   (4) Demonstrate the explainability of its algorithmic systems.

11   C. The Commissioner may retain independent actuarial, data science, or

12   technology experts to assist in market conduct examinations under this Chapter. The

13   reasonable costs of such experts shall be borne by the insurer being examined.

14   D. Market conduct examination reports relating to AI systems shall be

15   confidential to the extent necessary to protect legitimate trade secrets, but the

16   Commissioner shall publish aggregate findings of AI fairness examinations annually.

17   §1416. Filing Requirements for New AI Systems

18   A. At least sixty (60) days before deploying a new algorithmic decision

19   system, or a material modification of an existing system, a covered insurer shall file

20   with the Commissioner a notice that includes:

21   (1) A description of the system and its intended use;

22   (2) A summary of predeployment disparate impact testing results;

23   (3) A description of the data used to train and validate the system;

24   (4) A description of the input variables used; and

25   (5) A certification that the system complies with the requirements of this

26   Chapter.

27   B. The Commissioner may, within sixty (60) days of receiving a notice

28   under this section, request additional information or documentation from the insurer.

29   Deployment of the system shall be stayed pending the Commissioner's response if

1   the Commissioner requests additional information within fifteen (15) days of the

2   notice.

3   C.   The Commissioner may prohibit deployment of a system or require

4   modification of a system that the Commissioner determines does not comply with

5   this Chapter.

6   §1417. Annual Report on AI Insurance Fairness

7   A.   The Commissioner shall prepare and publish an annual report on AI

8   Insurance Fairness in Louisiana. The report shall include:

9   (1) Aggregate findings from Disparate Impact Audit Certifications, including

10   the number of insurers reporting disparate impact and the steps taken to address

11   identified disparities;

12   (2)   A summary of market conduct examination findings related to AI

13   systems;

14   (3)   An analysis of insurance outcome data by race, color, and national origin

15   for homeowners and commercial lines;

16   (4)   Recommendations for regulatory improvements; and

17   (5)   An assessment of emerging AI technologies and their potential impact

18   on insurance fairness.

19   B.   The Commissioner shall submit the annual report to the Legislature and

20   shall present findings to the House Committee on Insurance and the Senate

21   Committee on Insurance.

22   §1418. Civil Penalties

23   A.   A covered insurer that violates any provision of this Chapter shall be

24   subject to a civil penalty as follows:

25   (1)   For failure to conduct a required disparate impact audit: not less than

26   twenty-five thousand dollars ($25,000) and not more than one hundred thousand

27   dollars ($100,000) per violation;

1   (2) For failure to provide required disclosures or explanations to a consumer:

2   not less than five thousand dollars ($5,000) and not more than twenty-five thousand

3   dollars ($25,000) per violation;

4   (3) For use of a prohibited variable under Section 1408: not less than fifty

5   thousand dollars ($50,000) and not more than two hundred fifty thousand dollars

6   ($250,000) per violation;

7   (4) For failure to conduct required human review of an adverse action: not

8   less than ten thousand dollars ($10,000) and not more than fifty thousand dollars

9   ($50,000) per violation; and

10   (5) For failure to file required certifications or notices: not less than ten

11   thousand dollars ($10,000) and not more than fifty thousand dollars ($50,000) per

12   day of violation.

13   B. In determining the amount of any civil penalty under this section, the

14   Commissioner shall consider:

15   (1) The severity of the violation and the extent to which consumers were

16   harmed;

17   (2) Whether the violation was knowing or willful;

18   (3) The insurer's history of compliance with this Chapter and other insurance

19   laws;

20   (4) The insurer's good faith efforts to correct the violation; and

21   (5) The financial size of the insurer

22   C. Civil penalties collected under this section shall be deposited in the

23   Louisiana AI Insurance Fairness Fund established by Section 1421.

24   §1419. Private Right of Action

25   A.   Any consumer who suffers harm as a result of a covered insurer's

26   violation of this Chapter shall have a private right of action against the insurer in a

27   court of competent jurisdiction in Louisiana.

28   B. A consumer who prevails in an action under this section shall be entitled

29   to:

1   (1) Actual damages, including any economic loss attributable to the adverse

2   action;

3   (2) Statutory damages of not less than one thousand dollars ($1,000) and not

4   more than ten thousand dollars ($10,000) per violation, regardless of actual damages;

5   (3) Punitive damages, where the insurer's conduct was knowing, willful, or

6   reckless;

7   (4) Injunctive or declaratory relief; and

8   (5) Reasonable attorneys' fees and costs

9   C. An action under this section shall be filed within two (2) years of the date

10   the consumer discovered or reasonably should have discovered the violation.

11   D. The filing of a complaint with the Commissioner shall toll the statute of

12   limitations for any related private action for the period during which the

13   Commissioner's investigation is pending.

14   E.   Nothing in this section shall be construed to require exhaustion of

15   administrative remedies before filing a private action.

16   §1420. Class Actions

17   A. A named plaintiff in a class action under this section need not show

18   individual actual damages as a prerequisite to maintaining the class action where the

19   claims are based on a systematic pattern of discriminatory algorithmic practice.

20   §1421. Louisiana AI Insurance Fairness Fund

21   A. There is hereby created in the state treasury a special fund to be known

22   as the Louisiana Artificial Intelligence Insurance Fairness Fund.

23   B. The fund shall receive civil penalties collected under this Chapter and

24   such other appropriations as the Legislature may provide.

25   C. Monies in the fund shall be used to:

26   (1) Fund the Commissioner's AI examination and oversight activities;

27   (2) Provide technical assistance and education to consumers regarding their

28   rights under this Chapter;

1   (3) Provide grants to legal aid organizations for representation of consumers

2   in actions under this Chapter;

3   (4) Fund research on AI insurance fairness; and

4   (5) Cover administrative costs of the AI Fairness Advisory Board established

5   by Section 1422.

6   §1422. AI Insurance Fairness Advisory Board

7   A. The Commissioner shall establish an AI Insurance Fairness Advisory

8   Board to advise the Commissioner on the implementation and development of this

9   Chapter.

10   B. The Advisory Board shall consist of fifteen (15) members appointed by

11   the Commissioner, including:

12   (1) Three representatives of the insurance industry;

13   (2) Two consumer advocates;

14   (3) Two civil rights advocates, at least one of whom shall be nominated by

15   the Louisiana Legislative Black Caucus;

16   (4) Two representatives of minority business organizations;

17   (5) Two data scientists or AI fairness experts;

18   (6) One actuary;

19   (7) One legal scholar with expertise in anti-discrimination law;

20   (8) One representative from a Louisiana law enforcement or criminal justice

21   agency; and

22   (9) One member of the general public.

23   C. The Advisory Board shall meet at least quarterly and shall advise the

24   Commissioner on rules, examination priorities, and annual report findings.

25   §1423. Relation to Other Laws

26   A. This Chapter supplements and does not supersede existing state and

27   federal anti-discrimination laws applicable to insurance, including but not limited to

28   the federal Fair Housing Act, the Equal Credit Opportunity Act, and Louisiana's

29   unfair trade practices laws.

1   B.   Nothing in this Chapter shall be construed to limit or restrict the

2   Commissioner's existing authority to prohibit unfair discrimination in insurance

3   under Louisiana law.

4   C. Where any provision of this Chapter conflicts with a provision of another

5   state law, the provision that affords greater protection to consumers shall apply.

6   §1424. Severability

7   If any provision of this Chapter or its application to any person or

8   circumstance is held invalid, the invalidity does not affect other provisions or

9   applications which can be given effect without the invalid provision or application,

10   and to this end the provisions of this Chapter are severable.

11   §1425. Effective Date; Phased Implementation

12   A. This Act shall take effect January 1 of the year following its enactment.

13   B. The following provisions shall be implemented on a phased schedule:

14   (1) Section 1410 (AI disclosure requirements) and Section 1411 (right to

15   explanation) shall be effective six (6) months after enactment;

16   (2) Section 1407 (disparate impact audits) and Section 1416 (predeployment

17   filing) shall be effective twelve (12) months after enactment; and

18   (3) Section 1408 (prohibited variables) shall be effective eighteen (18)

19   months after enactment, to allow insurers time to modify their systems to comply.

20   C. The Commissioner shall publish implementing guidance and model

21   compliance frameworks for each phase of implementation at least ninety (90) days

22   before the effective date of each phase.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 880 Original   2026 Regular Session   Jordan

Abstract: Establishes comprehensive standards governing the use of artificial intelligence and algorithmic systems in the domains of insurance underwriting, rating, and claims adjustment. Prohibits unfair discrimination facilitated through algorithmic means and mandates the conduct of disparate impact audits. Requires transparent consumer disclosures and ensures explainability of algorithmic decisions. Authorizes the commissioner of insurance to enact rules and enforce compliance and stipulates civil penalties for violations, along with providing a private right of action for aggrieved parties.

Proposed law enacts the Louisiana Artificial Intelligence Insurance Fairness Act to regulate the use of artificial intelligence and algorithmic decision systems in insurance underwriting, rating, policy issuance, renewal, cancellation, and claims handling.

Proposed law defines key terms including "algorithmic decision system", "disparate impact", "protected class", "proxy variable", "third party model", and "adverse action".

Proposed law applies the Act to all covered insurers using algorithmic systems in personal and commercial lines and provides that insurers remain responsible for compliance when using third party models.

Proposed law prohibits the use of algorithmic systems that intentionally consider protected class characteristics, rely on proxy variables that produce disparate impact without actuarial necessity, or generate arbitrary or capricious decisions. Provides heightened scrutiny for certain presumptive proxy variables.

Proposed law requires insurers to adopt written AI governance policies, designate a senior AI governance officer, and train staff on fair AI use.

Proposed law requires annual disparate impact audits conducted by qualified independent actuaries or data scientists, mandates certification filings with the commissioner, and establishes a public registry of certifications.

Proposed law prohibits specified variables in homeowners insurance underwriting and rating, including credit scores, protected class characteristics, social media data, and consumer purchasing data, and authorizes the commissioner to designate additional prohibited variables.

Proposed law establishes standards for AI assisted claims adjustment, including mandatory human review, documentation requirements, and prohibitions on algorithmically generated low value settlement offers.

Proposed law requires consumer disclosures when AI is used in insurance decisions, establishes a right to explanation for adverse actions, and provides a right to human review.

Proposed law provides procedures for data accuracy, correction, and reconsideration of adverse actions.

Proposed law authorizes the commissioner to promulgate rules, conduct market conduct examinations, require access to algorithmic systems and data, and publish aggregate

findings.

Proposed law requires insurers to file notice before deploying new or materially modified AI systems and authorizes the commissioner to stay or prohibit deployment.

Proposed law establishes civil penalties for violations, creates a private right of action with damages and attorneys' fees, authorizes class actions, and creates the Louisiana Artificial Intelligence Insurance Fairness Fund.

Proposed law creates an AI Insurance Fairness Advisory Board to advise the commissioner.

Proposed law provides that the Act supplements existing anti discrimination laws.

(Adds R.S. 22:1401-1424)