Insurance & Banking Subcommittee

Tuesday, December 9, 2025
12:30 PM - 2:30 PM
Morris Hall (17 HOB)

Meeting Packet

Daniel Perez
Speaker

Bradford Yeager
Chair

Committee Meeting Notice

HOUSE OF REPRESENTATIVES

Insurance & Banking Subcommittee

Start Date and Time: Tuesday, December 09, 2025 12:30 PM

End Date and Time: Tuesday, December 09, 2025 02:30 PM

Location: Morris Hall (17 HOB)

Duration: 2.00 hrs

Consideration of the following bill(s):

HB 505 Virtual Currency Kiosks by Owen, Daley
HB 527 Mandatory Human Reviews of Insurance Claim Denials by Cassel

NOTICE FINALIZED on 12/02/2025 4:01PM by Young.Kimberly

HB 505

FLORIDA HOUSE OF REPRESENTATIVES
BILL ANALYSIS

This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.

BILL #: HB 505	**COMPANION BILL:** SB 198 (Rouson)
TITLE: Virtual Currency Kiosks	**LINKED BILLS:** None
SPONSOR(S): Owen and Daley	**RELATED BILLS:** None

Committee References

Insurance & Banking ➤ Commerce

SUMMARY

Effect of the Bill:
The bill requires the owner or operator of virtual currency kiosks to warn customers of the risk of fraud. The bill limits kiosk transactions for new customers to $2,000 per day and for existing customers to $10,500 per day. The bill requires the owner or operator of virtual currency kiosks to provide customers with a receipt containing contact information for the owner or operator, transaction details, a statement of the owner's or operator's liability, and the owner's or operator's refund policy. The bill requires the owner or operator to issue a refund within 72 hours under certain conditions. The bill permits the Financial Services Commission to adopt rules.

Fiscal or Economic Impact:
The bill has an indeterminate impact on the private sector and state government.

JUMP TO SUMMARY ANALYSIS RELEVANT INFORMATION BILL HISTORY

ANALYSIS

EFFECT OF THE BILL:

Disclosure requirement
The bill provides that a "virtual currency kiosk" means an electronic terminal that acts as a mechanical agent of the owner or operator, enabling the owner or operator to facilitate the exchange of virtual currency for fiat currency or other virtual currency on behalf of a customer. (Section 1).

The bill requires the owner or operator of a virtual currency kiosk to clearly display a disclosure on the kiosk screen before a customer may initiate a virtual currency transaction. (Section 1).

> The disclosure must state:
> "WARNING: CONSUMER FRAUD OFTEN STARTS WITH CONTACT FROM A STRANGER. IF YOU HAVE BEEN DIRECTED TO THIS MACHINE BY SOMEONE CLAIMING TO BE A GOVERNMENT AGENT, BILL COLLECTOR, LAW ENFORCEMENT OFFICER, OR ANYONE YOU DO NOT KNOW PERSONALLY, STOP THIS TRANSACTION IMMEDIATELY AND CONTACT YOUR FINANCIAL ADVISOR OR LOCAL LAW ENFORCEMENT." (Section 1).

Transaction limits
The bill prohibits owners or operators of virtual currency kiosks from allowing new customers to transact more than $2,000 per calendar day and from allowing existing customers to transact more than $10,500 per calendar day. These limits apply regardless of whether the customer engages in a single transaction or multiple transactions. (Section 1).

The bill defines "new customer" as a customer who has transacted with the owner or operator of a virtual currency kiosk for less than 7 days. The bill defines "existing customer" as a customer who has transacted with the owner or operator of a virtual currency kiosk for 7 or more days. (Section 1).

Receipt requirement

The bill requires the owner or operator of virtual currency kiosks to provide customers with electronic receipts, which must include the following information:

- Name and contact information of the owner or operator, including a toll-free telephone number;
- Date, time, value, and type of the transaction;
- Transaction hash and each wallet used;
- Total fee charged;
- Exchange rate, if applicable;
- Statement of the owner's or operator's liability, if any, for non-delivery or delayed delivery of the currency; and
- Refund policy of the owner or operator. (Section 1).

The bill defines "transaction hash" as a unique identifier consisting of a string of characters which provides a verifiable record that a transaction has been confirmed and added to the blockchain.[1] (Section 1).

The bill defines "wallet" as hardware or software that enables customers to store and use digital currency. (Section 1).

Refund requirement

The bill requires the owner or operator of virtual currency kiosks to issue a full refund for a customer's first virtual currency transaction within 72 hours if all of the following conditions are met:

- The customer transferred the virtual currency to a wallet outside of the United States;
- The customer contacts both the owner or operator of the virtual currency kiosk and a law enforcement or governmental agency regarding the fraudulent nature of a transaction within 60 days; and
- The customer provides proof of fraud, such as a police report or notarized affidavit. (Section 1).

Effective date

The bill provides an effective date of January 1, 2027. (Section 2).

RULEMAKING:

The bill authorizes the Financial Services Commission to adopt rules to implement the 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:

STATE GOVERNMENT:

There is an indeterminate impact on state government, to the extent that the Financial Services Commission may incur costs to promulgate rules.

[1] The bill defines "blockchain" as a mathematically secured, chronological, decentralized, distributed, and digital ledger or database that consists of records of transactions that cannot be altered retroactively.

PRIVATE SECTOR:

There is an indeterminate impact on the private sector. This bill may reduce the financial losses associated with virtual currency kiosk scams. However, virtual currency kiosk businesses may incur additional expenditures to comply with the bill's provisions.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Virtual Currency

Virtual currency is a digital representation of value that functions as a medium of exchange but lacks legal tender status.[2] In some environments, virtual currency operates like "real" currency[3] (i.e., the coin and paper money of the United States or of any other country that is designated as legal tender, circulates, and is customarily used and accepted as a medium of exchange in the country of issuance).[4] Virtual currency that has an equivalent value in real currency, or that acts as a substitute for real currency, is referred to as "convertible" virtual currency. [5] Bitcoin is one example of a convertible virtual currency, as it can be digitally traded between users and can be purchased for, or exchanged into, U.S. dollars, Euros, and other real or virtual currencies.[6]

Virtual currencies generally operate on networks of computers (nodes) that enable, validate, and record transactions on a distributed digital ledger (blockchain).[7] To transfer an asset on a blockchain, the transferor uses an alphanumeric code known only to the transferor (a private key) to create a request that the network software validate a new ledger entry, which assigns control of the asset to the recipient.[8] Once the network has validated this transfer, the ledger is updated and the recipient may transfer the asset to another recipient using their own private key.[9] Ledger entries are cryptographically secured, and accounts on a blockchain are identified by alphanumeric ''public keys'' rather than by personal names.[10] Virtual currency wallets are interfaces that store and transfer virtual currency.[11]

Virtual Currency Kiosks

Virtual currency kiosks are physical ATM-like machines that allow users to buy or exchange virtual currency.[12] Virtual currency kiosks generate revenue for their owner or operator through the collection of fees and are generally located in businesses such as convenience stores, gas stations, cafes, and supermarkets.[13]

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[2] S. 560.103(36), F.S.
[3] Often referred to as "fiat" currency.
[4] IRS, *Digital assets*, https://www.irs.gov/filing/digital-assets (last visited Dec. 1, 2025).
[5] *Id.*
[6] *Id.*
[7] Office of the Federal Register, National Archives and Records Administration, *Requirements for Certain Transactions Involving Convertible Virtual Currency or Digital Assets*, GovInfo, (Dec. 23, 2020), https://www.govinfo.gov/app/details/FR-2020-12-23/2020-28437/summary (last visited Dec. 1, 2025).
[8] *Id.*
[9] *Id.*
[10] *Id.*
[11] FinCEN, *Application of FinCEN's Regulations to Certain Business Models Involving Convertible Virtual Currencies*, (May 9, 2019), https://www.fincen.gov/system/files/2019-05/FinCEN%20Guidance%20CVC%20FINAL%20508.pdf (last visited Dec. 1, 2025).
[12] FinCEN, *Notice on the Use of Convertible Virtual Currency Kiosks for Scam Payments and Other Illicit Activity*, (Aug. 4, 2025), https://www.fincen.gov/system/files/2025-08/FinCEN-Notice-CVCKIOSK.pdf (last visited Dec. 1, 2025).
[13] FTC, *Bitcoin ATMs: A payment portal for scammers*, ("FTC Report") (Sept. 3, 2024), https://www.ftc.gov/news-events/data-visualizations/data-spotlight/2024/09/bitcoin-atms-payment-portal-scammers (last visited Dec. 1, 2025).

To engage in a transaction, a customer enters the address of the virtual wallet that will receive the purchased virtual currency.[14] The address could be the customer's own virtual wallet, or that of a third party.[15] The wallet address is usually embedded in a quick-response (QR) code, which is a barcode that can be scanned and read with a kiosk camera.[16] The customer then inserts cash or a debit or credit card into the machine to finalize the transaction.[17]

As of December 2025, there are reportedly 37 operators and a total of 3,150 kiosks in Florida.[18]

According to the Office of Financial Regulation (OFR), the Federal Bureau of Investigation and Federal Trade Commission have received Florida-based complaints involving virtual currency kiosk fraud, totaling well over $33 million in alleged victim losses between January 2020 and December 2025.[19]

State Regulation

The OFR is responsible for all activities of the Financial Services Commission relating to the regulation of banks, credit unions, other financial institutions, finance companies, and the securities industry.[20] The Division of Consumer Finance within OFR licenses and regulates various aspects of the non-depository financial services industries, including money services businesses.[21]

A money services business is, "any person located in or doing business in this state, from this state, or into this state from locations outside this state or country who acts as a payment instrument seller, foreign currency exchanger, check casher, or money transmitter."[22] Money services businesses must be licensed with OFR.[23] Payment instruments do not include virtual currency.[24] However, money transmitters include those who for the purpose of acting as an intermediary, receive or transmit virtual currency.[25] Thus, the owner or operator of a virtual currency kiosk may constitute a money services business if it acts as a money transmitter.

Florida does not have a separate regulatory regime for virtual currency kiosk businesses. If the kiosk only conducts direct peer-to-peer transactions, meaning the owner or operator sells virtual currency from its own inventory directly to customers without a third party, then the owner or operator does not require licensure.[26] However, if the kiosk acts as an intermediary, meaning it facilitates the transmission of funds from one party to a third party, then the kiosk may act as a money transmitter, and thus the owner or operator would constitute a money services business and would need a license from OFR.[27]

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[14] FinCEN, *Notice on the Use of Convertible Virtual Currency Kiosks for Scam Payments and Other Illicit Activity*, (Aug. 4, 2025), https://www.fincen.gov/system/files/2025-08/FinCEN-Notice-CVCKIOSK.pdf (last visited Dec. 1, 2025).
[15] *Id.*
[16] *Id.*
[17] *Id.*
[18] Coin ATM Radar, *Bitcoin ATMs in Florida*, available at https://coinatmradar.com/state/10/bitcoin-atm-florida/ (last visited Dec. 2, 2025).
[19] Email from Jason Holloway, Director of Fintech Policy, Office of Financial Regulation, RE: HB 505 – Inquiry regarding virtual currency kiosks (Dec. 2, 2025).
[20] S. 20.121(3)(a)2., F.S.
[21] Office of Financial Regulation, *Division of Consumer Finance*, https://flofr.gov/divisions-offices/division-of-consumer-finance (last visited Dec. 2, 2025).
[22] S. 560.103(23), F.S.
[23] S. 560.125, F.S.
[24] S. 560.103(29), F.S.
[25] S. 560.103(24), F.S.
[26] Florida Office of Financial Regulation, Biennial Report December 2024, p. 32, available at https://flofr.gov/docs/default-source/documents/biennial-report-2024.pdf?sfvrsn=4030c57c_1 (last visited Dec. 2, 2025).
[27] *Id.*

Federal Regulation

The Financial Crimes Enforcement Network (FinCEN), a bureau of the United States Department of Treasury, is responsible for safeguarding the financial system from illegal use, combatting money laundering and related crimes, and promoting national security.[28] Unless an exception applies, a money services business must register with FinCEN.[29] Under federal law, money services businesses include persons who provide money transmission services.[30] Money transmission involves the "acceptance of currency, funds, or other value that substitutes for currency and the transmission of currency, funds, or other value that substitutes for currency to another location or person by any means" or "any other person engaged in the transfer of funds."[31] According to OFR, virtual currency kiosk businesses that are not required to register with OFR as a money services business would still need to register with FinCEN.[32]

Virtual currency kiosks that engage in money transmission are considered money services businesses under the Bank Secrecy Act which must comply with registration and reporting requirements.[33] Notwithstanding these requirements, limited information on virtual currency kiosks is collected, which has made it difficult for federal agencies such as FinCEN to identify and track virtual currency kiosks.[34] The United States Government Accountability Office (GAO) reports that only 164 of the estimated 297 kiosk operators in the United States were registered.[35]

BILL HISTORY

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

[28] 31 U.S.C. §. 310.
[29] 31 C.F.R. §. 1022.380(a).
[30] 31 C.F.R. §. 1010.100(ff)(5).
[31] 31 CFR §. 1010.100(ff)(5)(i)(A).
[32] Email from Jason Holloway, Director of Fintech Policy, Office of Financial Regulation, RE: HB 505 – Inquiry regarding virtual currency kiosks (Dec. 2, 2025).
[33] FinCEN, *Application of FinCEN's Regulations to Certain Business Models Involving Convertible Virtual Currencies*, (May 9, 2019), https://www.fincen.gov/system/files/2019-05/FinCEN%20Guidance%20CVC%20FINAL%20508.pdf (last visited Dec. 1, 2025).
[34] *Id.*
[35] The GAO, *Virtual Currencies Additional Information Could Improve Federal Agency Efforts to Counter Human and Drug Trafficking [Reissued with Revisions Feb. 7, 2022]*, GAO-22-105462, Published: Dec. 8, 2021, Publicly Released: Jan. 10, 2022, available at https://www.gao.gov/products/gao-22-105462 (last visited Dec. 1, 2025).

A bill to be entitled

An act relating to virtual currency kiosks; creating s. 560.215, F.S.; defining terms; requiring an owner or operator of a virtual currency kiosk to ensure that a specified disclosure is displayed before a customer initiates a virtual currency kiosk transaction; prohibiting an owner or operator of a virtual currency kiosk from permitting new and existing customers from transacting more than a specified amount per calendar day; requiring an owner or operator of a virtual currency kiosk to provide a customer with a specified electronic receipt upon completion of a virtual currency transaction; requiring an owner or operator of a virtual currency kiosk to issue a full refund under certain circumstances; authorizing the Financial Services Commission to adopt rules; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 560.215, Florida Statutes, is created to read:

560.215 Requirements for virtual currency kiosks.—

(1) For the purpose of this section, the term:

(a) "Blockchain" means a mathematically secured,

CODING: Words stricken are deletions; words underlined are additions.

chronological, decentralized, distributed, and digital ledger or database that consists of records of transactions that cannot be altered retroactively.

(b) "Existing customer" means a customer who has transacted with the owner or operator of a virtual currency kiosk for 7 or more days.

(c) "New customer" means a customer who has transacted with the owner or operator of a virtual currency kiosk for fewer than 7 days.

(d) "Transaction hash" means a unique identifier consisting of a string of characters which provides a verifiable record that a transaction has been confirmed and added to the blockchain.

(e) "Virtual currency kiosk" means an electronic terminal that acts as a mechanical agent of the owner or operator, enabling the owner or operator to facilitate the exchange of virtual currency for fiat currency or other virtual currency on behalf of a customer.

(f) "Virtual currency kiosk transaction" means the process in which a customer uses a virtual currency kiosk to exchange virtual currency for fiat currency or other virtual currency. A transaction begins at the point at which the customer is able to initiate a transaction after the customer is given the option to select the type of transaction or account and does not include any of the screens that display the required terms and

conditions, disclaimers, or attestations.

(g) "Wallet" means hardware or software that enables customers to store and use virtual currency.

(2) Before a customer may initiate a virtual currency kiosk transaction, the owner or operator of the virtual currency kiosk must ensure that the virtual currency kiosk clearly and conspicuously displays the following disclosure on the screen:

WARNING: CONSUMER FRAUD OFTEN STARTS WITH CONTACT FROM A STRANGER. IF YOU HAVE BEEN DIRECTED TO THIS MACHINE BY SOMEONE CLAIMING TO BE A GOVERNMENT AGENT, BILL COLLECTOR, LAW ENFORCEMENT OFFICER, OR ANYONE YOU DO NOT KNOW PERSONALLY, STOP THIS TRANSACTION IMMEDIATELY AND CONTACT YOUR FINANCIAL ADVISOR OR LOCAL LAW ENFORCEMENT.

(3) The owner or operator of a virtual currency kiosk may not permit a new customer to transact more than $2,000 per calendar day, whether through a single transaction or multiple transactions. The owner or operator of a virtual currency kiosk may not permit an existing customer to transact more than $10,500 per calendar day, whether through a single transaction or multiple transactions.

(4) Upon completion of a virtual currency transaction, the owner or operator of a virtual currency kiosk must provide the

customer with an electronic receipt that includes all of the following:

(a) The name and contact information of the owner or operator, including a toll-free telephone number.

(b) The date, time, value, and type of the transaction.

(c) The transaction hash and each wallet used.

(d) The total fee charged.

(e) The exchange rate, if applicable.

(f) A statement of the owner's or operator's liability, if any, for nondelivery or delayed delivery of the currency.

(g) The refund policy of the owner or operator.

(5) The owner or operator of a virtual currency kiosk must issue a full refund within 72 hours to a customer for the customer's first virtual currency transaction if all of the following conditions are met:

(a) The customer transferred virtual currency to a wallet or exchange located outside the United States.

(b) Within 60 days, the customer contacts both the owner or operator of the virtual currency kiosk and a law enforcement or governmental agency regarding the fraudulent nature of the transaction.

(c) The customer provides proof of fraud, such as a police report or a notarized affidavit.

(6) The commission may adopt rules to administer this section.

Section 2. This act shall take effect January 1, 2027.

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

HB 527

FLORIDA HOUSE OF REPRESENTATIVES
BILL ANALYSIS

This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.

BILL #: HB 527	**COMPANION BILL:** SB 202 (Bradley)
TITLE: Mandatory Human Reviews of Insurance Claim Denials	**LINKED BILLS:** None
SPONSOR(S): Cassel	**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.

JUMP TO SUMMARY ANALYSIS RELEVANT INFORMATION BILL HISTORY

ANALYSIS

EFFECT OF THE BILL:

The bill regulates the use of artificial intelligence systems[1], machine learning systems[2], and algorithms[3] 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.

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 Code[11] 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.*

A bill to be entitled

An act relating to mandatory human reviews of insurance claim denials; creating s. 627.4263, F.S.; defining terms; requiring that insurers' decisions to deny a claim or any portion of a claim be made by qualified human professionals; specifying the duties of qualified human professionals; requiring an insurer to maintain certain records; prohibiting the use of algorithms, artificial intelligence, or machine learning systems as the sole basis for determining whether to adjust or deny a claim; requiring insurers to include certain information in denial communications to claimants; requiring that certain insurers detail certain information in their claims-handling manual; authorizing the Office of Insurance Regulation to conduct market conduct examinations and investigations under certain circumstances; authorizing the Financial Services Commission to adopt rules; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 627.4263, Florida Statutes, is created to read:

627.4263 Mandatory human reviews of claim denials.—

CODING: Words stricken are deletions; words underlined are additions.

(1) As used in this section, the term:

(a) "Algorithm" means a clearly specified mathematical process for computation which uses rules designed to give prescribed results.

(b) "Artificial intelligence system" means 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.

(c) "Machine learning system" means an artificial intelligence system that has the ability to learn from provided data without being explicitly programmed.

(d) "Qualified human professional" means an individual who, under the Florida Insurance Code, has the authority to adjust or deny a claim or a portion of a claim and may exercise such authority over a particular claim.

(2) An insurer's decision to deny a claim or any portion of a claim must be made by a qualified human professional.

(3) A qualified human professional shall, before determining whether to adjust or deny a claim or a portion of a claim, do all of the following:

(a) Analyze the facts of the claim and the terms of the insurance policy independently of any artificial intelligence system, machine learning system, or algorithm.

(b) Review the accuracy of any output generated by such a

system or algorithm.

(c) Conduct any review of a claim adjustment or claim decision that was made by another qualified human professional.

(4) An insurer shall maintain detailed records of the actions of qualified human professionals who are required to perform the actions under subsection (3), including:

(a) The name and title of the qualified human professional who made the decision to deny a claim or a portion of a claim and of any qualified human professional who reviewed a claim adjustment or claim decision.

(b) The date and time of the claim decision and of any review of the claim adjustment.

(c) Documentation of the basis for the denial of the claim or a portion of the claim, including any information provided by an algorithm, an artificial intelligence system, or a machine learning system.

(5) An algorithm, an artificial intelligence system, or a machine learning system may not serve as the sole basis for determining whether to adjust or deny a claim.

(6) In all denial communications to a claimant, an insurer shall:

(a) Clearly identify the qualified human professional who made the decision to deny the claim or a portion of the claim; and

(b) Include a statement affirming that an algorithm, an

artificial intelligence system, or a machine learning system did not serve as the sole basis for determining whether to deny the claim or a portion of the claim.

(7) An insurer that uses an algorithm, an artificial intelligence system, or a machine learning system as part of its claims-handling process shall detail in its claims-handling manual the manner in which such systems are to be used and the manner in which the insurer complies with this section.

(8) The office may conduct market conduct examinations and investigations or use any method it deems necessary to verify compliance with this section.

(9) The commission may adopt rules to implement this section.

Section 2. This act shall take effect July 1, 2026.

INSURANCE & BANKING SUBCOMMITTEE

HB 527 by Rep. Cassel
Mandatory Human Review of Insurance Claim Denials

AMENDMENT SUMMARY
December 9, 2025

Amendment by Rep. Cassel (strike-all):

- Expands the scope of the bill to include workers' compensation and health maintenance organizations (HMOs).
- Explicitly allows insurers to use algorithms, artificial intelligence systems, or machine learning systems to assist in claims handling, including the generation of recommendations to approve or deny a claim.
- Clarifies that the qualified human professional is only required to review denials, partial denials, and claims where the payment is reduced.
- Creates penalties for workers' compensation carriers who violate the bill's requirements.
- Provides that insurers have to provide the unique identifier of the qualified human professional to the policyholder instead of the professional's name.

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	___ (Y/N)
ADOPTED AS AMENDED	___ (Y/N)
ADOPTED W/O OBJECTION	___ (Y/N)
FAILED TO ADOPT	___ (Y/N)
WITHDRAWN	___ (Y/N)
OTHER	_____

Committee/Subcommittee hearing bill: Insurance & Banking Subcommittee

Representative Cassel offered the following:

Amendment (with title amendment)

Remove everything after the enacting clause and insert:

Section 1. Section 440.131, Florida Statutes, is created to read:

440.131 Mandatory human reviews of claim denials.—

(1) As used in this section, the term:

(a) "Algorithm" means a clearly specified mathematical process for computation which uses rules designed to give prescribed results.

(b) "Artificial intelligence system" means 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.

(c) "Machine learning system" means an artificial intelligence system that has the ability to learn from provided data without being explicitly programmed.

(d) "Qualified human professional" means an individual who, under the Florida Insurance Code, has the authority to adjust or deny a claim or a portion of a claim and may exercise such authority over a particular claim.

(2) A carrier may use an algorithm, artificial intelligence system, or machine learning system to assist in processing claims, including generating recommendations to approve or deny a claim or a portion of a claim, in accordance with this section.

(3) A decision to reduce a payment of a claim, deny a claim, or deny a portion of a claim or to reduce a claim payment may not be made solely on the basis of an algorithm, artificial intelligence system, or machine learning system. A carrier’s decision to deny a claim or any portion of a claim or a payment claim reduction must be made by a qualified human professional.

(4) If an algorithm, artificial intelligence system, or machine learning system assists in processing a claim, the qualified human professional must do the following before reducing a claim payment or denying the claim or a portion of the claim:

(a) Analyze the facts of the claim and the terms of the insurance policy independently of any artificial intelligence system, machine learning system, or algorithm.

(b) Review the accuracy of any output generated by such a system or algorithm.

(c) Determine that the claim or portion of the claim is not payable under the terms of the insurance policy and should be denied or that the claim payment should be reduced.

(5) A carrier shall maintain detailed records of the actions of qualified human professionals who are required to perform the actions under subsection (3), including:

(a) The name, title, business address, and the unique identifier associated with the name of the qualified human professional who made the decision to reduce the claim payment, deny the claim, or deny a portion of the claim.

(b) The date and time of the qualified human professional's decision.

(c) Documentation of the basis for the reduction of the claim payment, denial of the claim, or denial of a portion of the claim, including any information provided by an algorithm, an artificial intelligence system, or a machine learning system.

(6) In all written denial communications to an injured employee, a carrier shall include:

(a) An email address, telephone number, business address, and unique identifier, in lieu of the name of the qualified

human professional who made the decision to reduce the claim payment, deny the claim, or deny a portion of the claim; and

(b) A written statement affirming that an algorithm, an artificial intelligence system, or a machine learning system did not serve as the sole basis for determining whether to reduce the claim payment, deny the claim, or deny a portion of the claim.

(7) A carrier that uses an algorithm, an artificial intelligence system, or a machine learning system as part of its claims-handling process shall detail in its claims-handling manual the manner in which such systems are to be used and the manner in which the carrier complies with this section.

(8) The department may conduct examinations and investigations it deems necessary to verify compliance with this section.

(9) The department may adopt rules to implement this section.

(10) Failure to comply with this section shall be considered a violation of this chapter and is subject to penalties as provided for in s. 440.525.

Section 2. Section 627.4263, Florida Statutes, is created to read:

627.4263. Mandatory human reviews of claim denials.—

(1) As used in this section, the term:

(a) "Algorithm" means a clearly specified mathematical process for computation which uses rules designed to give prescribed results.

(b) "Artificial intelligence system" means 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.

(c) "Machine learning system" means an artificial intelligence system that has the ability to learn from provided data without being explicitly programmed.

(d) "Qualified human professional" means an individual who, under the Florida Insurance Code, has the authority to adjust or deny a claim or a portion of a claim and may exercise such authority over a particular claim.

(2) An insurer may use an algorithm, artificial intelligence system, or machine learning system to assist in processing claims, including generating recommendations to approve or deny a claim or a portion of a claim, in accordance with this section.

(3) A decision to reduce a payment of a claim, deny a claim, or deny a portion of a claim or to reduce a claim payment may not be made solely on the basis of an algorithm, artificial intelligence system, or machine learning system. An insurer’s

decision to deny a claim or any portion of a claim or a payment claim reduction must be made by a qualified human professional.

(4) If an algorithm, artificial intelligence system, or machine learning system assists in processing a claim, the qualified human professional must do the following before reducing a claim payment, denying the claim or a portion of the claim:

(a) Analyze the facts of the claim and the terms of the insurance policy independently of any artificial intelligence system, machine learning system, or algorithm.

(b) Review the accuracy of any output generated by such a system or algorithm.

(c) Determine that the claim or portion of the claim is not payable under the terms of the insurance policy and should be denied or that the claim payment should be reduced.

(5) An insurer shall maintain detailed records of the actions of qualified human professionals who are required to perform the actions under subsection (3), including:

(a) The name, title, business address, and the unique identifier associated with the name of the qualified human professional who made the decision to reduce the claim payment, deny the claim, or deny a portion of the claim.

(b) The date and time of the qualified human professional’s decision.

(c) Documentation of the basis for the reduction of the claim payment, denial of the claim, or denial of a portion of the claim, including any information provided by an algorithm, an artificial intelligence system, or a machine learning system.

(6) In all written denial communications to an insured, an insurer shall include:

(a) An email address, telephone number, business address, and unique identifier, in lieu of the name of the qualified human professional who made the decision to reduce the claim payment, deny the claim, or deny a portion of the claim; and

(b) A written statement affirming that an algorithm, an artificial intelligence system, or a machine learning system did not serve as the sole basis for determining whether to reduce the claim payment, deny the claim, or deny a portion of the claim.

(7) An insurer that uses an algorithm, an artificial intelligence system, or a machine learning system as part of its claims-handling process shall detail in its claims-handling manual the manner in which such systems are to be used and the manner in which the insurer complies with this section.

(8) The office may conduct market conduct examinations and investigations it deems necessary to verify compliance with this section.

(9) The commission may adopt rules to implement this section.

Section 3. Section 641.31090, Florida Statutes, is created to read:

641.31090 Mandatory human reviews of claim denials.—

(1) As used in this section, the term:

(a) "Algorithm" means a clearly specified mathematical process for computation which uses rules designed to give prescribed results.

(b) "Artificial intelligence system" means 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.

(c) "Machine learning system" means an artificial intelligence system that has the ability to learn from provided data without being explicitly programmed.

(d) "Qualified human professional" means an individual who, under the Florida Insurance Code, has the authority to adjust or deny a claim or a portion of a claim and may exercise such authority over a particular claim.

(2) A health maintenance organization may use an algorithm, artificial intelligence system, or machine learning system to assist in processing claims, including generating recommendations to approve or deny a claim or a portion of a claim, in accordance with this section.

(3) A decision to reduce a payment of a claim, deny a claim, or deny a portion of a claim or to reduce a claim payment may not be made solely on the basis of an algorithm, artificial intelligence system, or machine learning system. A health maintenance organization's decision to deny a claim or any portion of a claim or a payment claim reduction must be made by a qualified human professional.

(4) If an algorithm, artificial intelligence system, or machine learning system assists in processing a claim, the qualified human professional must do the following before reducing a claim payment, denying the claim or a portion of the claim:

(a) Analyze the facts of the claim and the terms of the contract independently of any artificial intelligence system, machine learning system, or algorithm.

(b) Review the accuracy of any output generated by such a system or algorithm.

(c) Determine that the claim or portion of the claim is not payable under the terms of the insurance policy and should be denied or that the claim payment should be reduced.

(5) A health maintenance organization shall maintain detailed records of the actions of qualified human professionals who are required to perform the actions under subsection (3), including:

(a) The name, title, business address, and the unique identifier associated with the name of the qualified human professional who made the decision to reduce the claim payment, deny the claim, or deny a portion of the claim.

(b) The date and time of the qualified human professional's decision.

(c) Documentation of the basis for the reduction of the claim payment, denial of the claim, or denial of a portion of the claim, including any information provided by an algorithm, an artificial intelligence system, or a machine learning system.

(6) In all written denial communications to a subscriber, a health maintenance organization shall include:

(a) An email address, telephone number, business address, and unique identifier, in lieu of the name of the qualified human professional who made the decision to reduce the claim payment, deny the claim, or deny a portion of the claim; and

(b) A written statement affirming that an algorithm, an artificial intelligence system, or a machine learning system did not serve as the sole basis for determining whether to reduce the claim payment, deny the claim, or deny a portion of the claim.

(7) A health maintenance organization that uses an algorithm, an artificial intelligence system, or a machine learning system as part of its claims-handling process shall detail in its claims-handling manual the manner in which such

systems are to be used and the manner in which the health maintenance organization complies with this section.

(8) The office may conduct market conduct examinations and investigations or use any method it deems necessary to verify compliance with this section.

(9) The commission may adopt rules to implement this section.

Section 4. This act shall take effect July 1, 2026.

T I T L E A M E N D M E N T

Remove everything before the enacting clause and insert:
An act relating to mandatory human reviews of insurance claim denials; creating s. 440.131, F.S.; defining terms; allowing workers' compensation carriers to use algorithms, artificial intelligence systems, and machine learning systems to assist in processing claims; prohibiting the use of algorithms, artificial intelligence, or machine learning systems as the sole basis for determining whether to reduce a claim payment or deny a claim; requiring that carriers' decisions to deny a claim or reduce a claim be made by qualified human professionals; specifying the duties of qualified human professionals; requiring a carrier to maintain certain records; requiring

carriers to include certain information in denial communications to claimants; requiring that certain carriers detail certain information in their claims-handling manual; authorizing the Department of Financial Services to adopt rules; providing penalties; creating s. 627.4263, F.S.; defining terms; allowing insurers to use algorithms, artificial intelligence systems, and machine learning systems to assist in processing claims; prohibiting the use of algorithms, artificial intelligence, or machine learning systems as the sole basis for determining whether to reduce a claim payment or deny a claim; requiring that insurers' decisions to deny a claim or reduce a claim be made by qualified human professionals; specifying the duties of qualified human professionals; requiring an insurer to maintain certain records; requiring insurers to include certain information in denial communications to claimants; requiring that certain insurers detail certain information in their claims-handling manual; authorizing the Office of Insurance Regulation to conduct market conduct examinations and investigations under certain circumstances; authorizing the Financial Services Commission to adopt rules; creating s. 641.31090, F.S.; defining terms; allowing health

maintenance organizations to use algorithms, artificial intelligence systems, and machine learning systems to assist in processing claims; prohibiting the use of algorithms, artificial intelligence, or machine learning systems as the sole basis for determining whether to reduce a claim payment or deny a claim; requiring that health maintenance organizations' decisions to deny a claim or reduce a claim be made by qualified human professionals; specifying the duties of qualified human professionals; requiring a health maintenance organization to maintain certain records; requiring health maintenance organizations to include certain information in denial communications to claimants; requiring that certain health maintenance organizations detail certain information in their claims-handling manual; authorizing the Office of Insurance Regulation to conduct market conduct examinations and investigations under certain circumstances; authorizing the Financial Services Commission to adopt rules; providing an effective date.