

HB4635 • Texas

Relating to disclosure of the use of artificial intelligence in the denial of insurance claims.

Introduced

Risk: Medium

Comprehensive

Effective: Sep 01, 2025 | Last Action (May 07, 2025): Left pending in committee

Summary

The bill mandates insurers to disclose when AI is used in denying insurance claims, including the basis for the decision and appeal instructions.

Business Impact

If you are an insurer using AI to deny claims in Texas, you must disclose AI's role and appeal instructions by September 1, 2025, or face penalties.

Key Provisions

- Insurers must disclose AI's role in claim denials.
- Written disclosure must include the basis for AI's determination.
- Claimants must receive instructions on how to appeal the denial.

Compliance Checklist

- Provide written disclosure of AI's role in claim denials | Who: Insurers and health maintenance organizations | Penalty: Potential penalties for non-compliance
- Include basis for AI determination in disclosures | Who: Insurers and health maintenance organizations | Penalty: Potential penalties for non-compliance

Industries Affected

Finance

Healthcare

Consumer
Protection

Insurance

Health
Maintenance
Organizations

Topics

AI in Insurance

AI Transparency

Bill Sponsors

Name	Party	Role
Cassandra Garcia Hernandez	D	Sponsor
Hubert Vo	D	Sponsor

Official Source

<https://capitol.texas.gov/BillLookup/History.aspx?LegSess=89R&Bill;=HB4635>

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