

POLICY & COMPLIANCE

A.I. Policy & Compliance Kit

Inventory your A.I. tools, tell customers the truth, vet vendors, handle mistakes and track the laws. Fill-in templates for small businesses.

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Start Here

What this kit is (and isn't)

This kit gives a small business a complete, written way to use A.I. tools responsibly: a list of what you use, rules your team follows, honest wording for customers, a vendor check, a plan for mistakes, and a watchlist of the laws that may apply to you.

It contains:

1. **Twelve fill-in templates** (Chapter 5), also supplied as a separate editable Word file, **A.I. - Compliance-Templates.docx**. Replace the [BRACKETS] and delete what doesn't apply.
2. **A plain-English map of the rules that already apply** to A.I. use in a U.S. small business (Chapter 3): advertising, reviews, calls and texts, email, health information, recordings, copyright and privacy.
3. **A state A.I. law watchlist** as of 2026-10-18 (Chapter 4), with a "do I need to act?" table and how to check each law's current status.
4. **Eleven prompts** (one in Chapter 2, ten in Chapter 6) that turn your notes into a register and tailor the templates to your business, plus a 30-day rollout (Chapter 6).

What it is not. It is **not legal advice and has not been reviewed by an attorney**. Laws on A.I. are new, vary by state and change quickly. Several described here were amended or replaced in the last year. Use this kit to get organized and to have a shorter, cheaper conversation with a lawyer, not to replace one. Have counsel review your final documents, especially if you handle health, financial or children's information, use A.I. in hiring or in decisions about customers, or operate in several states.

Already own our A.I. Starter Kit for Teams? Its one-document A.I. use policy is enough for many very small businesses. This kit is the next step: an expanded policy plus the inventory, customer disclosures, vendor review, incident runbook, hiring notice, marketing-claims checklist, training log and law watchlist. If all you need is a basic policy, the Starter Kit covers it.

Who it's for

- Owners of businesses with roughly 1 to 50 people who use, or are about to use, chat assistants, A.I. phone or chat receptionists, A.I. writing or image tools, or A.I. features inside software they already have.
- Office managers who have been told to "write something about A.I."
- Businesses that want to answer a customer, partner or insurer who asks: *"How do you use A.I., and how do you protect our information?"*

State A.I. Law Watchlist

As of 2026-10-18. This chapter summarizes state and city laws aimed specifically at A.I. that a small business is most likely to run into. Several have been amended, delayed or replaced since they were first passed, and more are proposed every legislative session. Use it to decide **what to ask your lawyer about**, then check the current status yourself (each entry says how). Our summaries come from law-firm and official sources listed in the Sources table; they are simplified and may miss exceptions that matter to you.

Federal backdrop: a push against state A.I. laws

In December 2025, an executive order created a U.S. Department of Justice A.I. Litigation Task Force to challenge state A.I. laws the administration considers too burdensome, and directed other federal agencies to look at funding and regulatory levers. **An executive order does not repeal state laws.** Law-firm commentary is consistent: state laws stay in effect unless a court strikes them down or Congress passes a law that preempts them. A federal lawsuit challenging Colorado's A.I. law was filed in April 2026, and the task force was reported to be involved; check its current status. **Plan to comply with the state laws that apply to you**, and recheck this section quarterly.

California: bot disclosure law (in effect since July 1, 2019)

- **Who it hits:** anyone using a "bot" (an automated online account whose actions or posts are not mostly made by a person) to communicate or interact online with a person in California.
- **What it requires:** it is unlawful to use a bot to communicate with a person in California with the intent to mislead them about its artificial identity in order to incentivize a purchase or sale (or influence a vote). A **clear and conspicuous disclosure** that it's a bot, reasonably designed to inform the person, is a defense.
- **What to do:** if your website chat, social messaging or text assistant talks to Californians, disclose up front that it's an automated assistant (Template C). Since many businesses can't control where a visitor is, disclosing to everyone is simplest. *Note:* the law's text is about online bots; ask counsel how it applies to an A.I. phone assistant.
- **Check status:** California Business and Professions Code sections 17940–17943: california.public.law/codes/ca_bus_and_prof_code_section_17941 or leginfo.legislature.ca.gov. An amendment proposed in 2025 (AB 410) was held in committee as of our check.

Utah: Artificial Intelligence Policy Act (as amended in 2025)

- **Who it hits:** businesses covered by Utah consumer-protection law that use generative A.I. to interact with consumers; separately, people in state-licensed "regulated occupations" (for example,

Template C: Customer-facing A.I. disclosures

Use plain words. Put the disclosure **before** the conversation starts, not in a footer. Choose the version that matches the channel and edit to fit. Have counsel check them against the rules where your customers are (Chapter 4).

C1. Website chat: banner above the chat box

You're chatting with [BUSINESS NAME]'s automated A.I. assistant. It can answer common questions and take your details. It can make mistakes, so please confirm prices and appointment details with us. Want a person? Type "person" or call [PHONE]. Please don't share card numbers, passwords or health details here. [Privacy policy link]

C2. Website chat or text assistant: first message

Hi, I'm [ASSISTANT NAME], an A.I. assistant for [BUSINESS NAME], not a person. I can help with [hours, services, booking requests]. Type "person" at any time to reach our team.

C3. A.I. phone assistant: greeting (adjust the recording sentence to the consent process your attorney approves; if the call is recorded **or transcribed**, the assistant must get any required consent **before** either begins, and a no must switch off both)

"Thanks for calling [BUSINESS NAME]. I'm [ASSISTANT NAME], an A.I. assistant. I can answer questions and take a message for the team. [If recording or transcribing:] We'd like to record and transcribe this call so the team gets your details right. Is that okay? *(If no:)* No problem, I won't record or transcribe this call. *(Then switch both off, or transfer to a line that does neither.)* You can also say 'person' at any time to reach someone [or: to leave a message for a callback]."

*If the business serves emergency-type situations (gas, carbon monoxide, electrical, medical), the assistant must give the approved safety instruction **before** this greeting finishes when a caller describes one. Test it.*

C4. "Are you a bot?" or "Am I talking to a real person?" (any channel; always answer truthfully)

"I'm an A.I. assistant, not a person. I can keep helping, or I can connect you with [our team / take a message for a callback within TIME FRAME]. Which would you prefer?"

Never instruct an assistant to claim to be human, to dodge the question, or to use a human name and photo that suggests a real employee is typing.

C5. Email or messages drafted with A.I. and reviewed by a person (optional for routine replies; useful for proposals, reports and advice-like content)

This message was prepared with help from A.I. tools and reviewed by [NAME] before sending.

C6. A.I.-generated or substantially A.I.-edited images in ads and on the website

Illustration created with A.I. Not a photo of our actual work.

Use it whenever an image could be mistaken for a real job, product, person, premises or result. Never use A.I. images as "before and after" or "our team" photos.

C7. A.I. paragraph for your privacy policy (have counsel adapt it to your actual practices and the laws that apply)

Use of A.I. tools. We use A.I. tools provided by service providers to help us [answer calls and messages, draft replies, schedule appointments, transcribe calls]. When you contact us, information you provide (such as your name, contact details and the content of your message [and call recordings]) may be processed by these providers on our behalf to perform those tasks. We select providers that contractually limit their use of our data [and do not use it to train their models by default — confirm per vendor]. We do not use A.I. to make decisions about you that have legal or similarly significant effects [edit if you do, and add the required notices]. To ask a question or reach a person, contact [EMAIL / PHONE].

C8. Social media replies made with A.I. assistance (if you use A.I. to draft public replies)

When a person reviews a draft and posts it under the business account, a disclosure is generally not expected, but check the platform's rules and the laws in Chapter 4, especially if a tool would reply automatically. Don't let a tool auto-post replies without a person's review.

Prompt 2: Write your customer disclosures

Use when you're setting up a chat, text or phone assistant.

PROMPT · copy everything in this box

Write customer-facing disclosures for [BUSINESS NAME]'s [website chat / text assistant / A.I. phone assistant].

Facts: assistant name [NAME]; what it can do [LIST]; what it can't do [LIST]; how to reach a person [METHOD AND HOURS]; whether it records or transcribes [YES/NO]; privacy policy link [URL].

Rules: plain language, 8th-grade reading level; say clearly that it's an A.I. assistant and not a person, at the START; never suggest it is human; include how to reach a person; tell people not to share card numbers, passwords or health details in this channel; treat recording and transcription separately: if it records OR transcribes, ask for any required consent BEFORE either starts, and if the person says no, say both will stay off and offer a route with no recording or transcription; no promises about accuracy, speed or availability we haven't listed.

Output: (1) a chat banner under 45 words, (2) a first message under 35 words, (3) a phone greeting under 25 seconds read aloud, (4) a truthful answer to "Are you a real person?", (5) the message it gives when it can't help.

Why it works. The rules mirror Template C and the laws in Chapter 4: disclosure first, truthful answers, a human route and recording consent before recording.

Prompt 3: Read a vendor's terms against the questionnaire

Use when a vendor won't fill in Template D and you have to read its published terms.

PROMPT · copy everything in this box

Below are a software vendor's published terms, privacy policy and data/A.I. documentation (copied from its website). Answer each question in the list using ONLY this text. For each answer, quote the exact sentence you relied on. If the text doesn't answer a question, write "Not stated: ask the vendor". Do not assume, and do not use general knowledge about this vendor.

QUESTIONS:

[PASTE THE 17 QUESTIONS FROM TEMPLATE D]

VENDOR TEXT:

[PASTE TERMS]

Why it works. Requiring a quote for every answer makes invented answers easy to spot, and "Not stated" gives you your list of questions to send. Still verify the key answers yourself on the vendor's current pages, and record the date you checked.