



Chatbots, Counsel, and Caution: What Employers Should Learn from a New AI Lawsuit

Mar 25, 2026

Categories:

[Publications](#)

Authors:

[Anne E. Duprey](#)

[Anne H. Evans Léniz](#)

Nippon Life Insurance Company recently filed a lawsuit that raises a timely question that many employers and their counsel are already grappling with: **When does the use of artificial intelligence (AI) tools cross the line from general information-seeking into the realm of legal advice?** The [complaint](#) alleges that OpenAI's chatbot, ChatGPT, provided unlicensed legal advice by purportedly inducing an employee to breach a valid settlement agreement and attempt to revive previously settled litigation. While the lawsuit just started, it underscores growing concerns about how employees and employers are turning to AI to navigate employment-related disputes.

The lawsuit arose out of a benefits dispute under an employer-sponsored group long-term disability policy. The matter ended with a settlement in which the employee forever and irrevocably released the insurer from any claims or judgments connected to the employer's long-term disability policy or the employee's claim. In return, the insurer issued a settlement payment to the employee. Nippon's complaint further alleges the employee raised concerns with her lawyers shortly after the settlement, citing potential errors and omissions that she believed impacted the settlement agreement. When the employee's attorneys declined to challenge or reopen the settlement, the employee fired her attorneys and relied on ChatGPT for guidance.

For employers, the important takeaway from this high-profile case is what it reveals about how employees are increasingly using AI to shape workplace conflict and negotiation.

Employers' Conundrum

As many employers have already witnessed, employees are using AI tools in many ways to assist with employment-related decisions, including: seeking advice on how to respond to performance

feedback; disputing discipline; requesting a reasonable accommodation; engaging in protected activity; and negotiating employment terms. Employees also use AI tools to draft communications ranging from texts and emails to HR and managers to correspondence intended for outside audiences. Because AI can quickly translate a rough concern into a polished narrative, it can make employees feel more prepared and confident when communicating with management.

Yet AI-empowered employee communications are not infallible: while some are thoughtful and productive, others may be riddled with errors, misunderstandings, and misaligned assumptions. Employers need to be thoughtful in their response. They must continue to acknowledge concerns, route them appropriately, and follow established procedures.

Practical Takeaways for Employers

The lawsuit against OpenAI is a cautionary tale from which several lessons can be distilled. First, employers should avoid using AI tools to ask “what should we do” on employment decisions or to evaluate legal risk. Unlike communications with legal counsel, non-attorney interactions with AI tools **are not protected by attorney-client privilege and may be discoverable in future litigation.** Risks abound when attempting to use an AI tool as a replacement for legal counsel. Even well-intentioned reliance on AI-generated guidance can create unintended exposure or lock in flawed assumptions before consulting legal counsel.

Second, employees may be drafting messages with AI while a conversation is unfolding. That means employer communications may be met with faster follow-ups, more polished language, and increasingly formal framing. Employers should treat AI-assisted communications like any other complaint or request by following the normal escalation channels. If legal questions arise, employers should consult legal counsel — not an AI tool.

Finally, employers should ensure that policies and training clearly address AI use so that managers and HR professionals understand what is permitted and what is not. Many organizations have

adopted high-level AI guidance, but this case invites a closer look at whether internal policies should specify which AI tools may be used, for what purposes, and with what safeguards. This is especially important when employment disputes, sensitive data, or legal disputes are involved.

Generative AI is not fully replacing HR or legal functions, but it is reshaping how workplace concerns are raised, framed, and escalated — often more quickly and with greater polish than employers have historically seen. As a result, employers are well served to pause before relying on AI-generated guidance, whether from employees or management. These developments raise practical and legal questions that are highly fact-specific and evolving. Employers that respond with thoughtfulness, consistent procedures, and clear internal guardrails around AI use and that seek experienced employment counsel when legal issues arise will be better positioned to manage risk while maintaining positive workplace relations.

If you have any questions about how AI tools are impacting your communications with employees and your workplace, please contact the authors or any member of FBT Gibbons' [Labor and Employment Practice Group](#)

© 2026 FBT Gibbons LLP. May be considered attorney advertising in some jurisdictions.