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Market Information Systems (D) Task Force

Virtual Meeting (*in lieu of meeting at the 2021 Summer National Meeting*)

July 28, 2021

The Market Information Systems (D) Task Force met July 28, 2021. The following Task Force members participated: Mike Kreidler, Chair (WA); Chlora Lindley-Myers, Vice Chair (MO); Evan G. Daniels represented by Cheryl Hawley (AZ); Ricardo Lara represented by Pam O’Connell (CA); Michael Conway represented by Damion Hughes (CO); Andrew M. Mais represented by Kurt Swan (CT); Trinidad Navarro represented by Frank Pyle (DE); Dana Popish Severinghaus represented by Erica Weyhenmeyer (IL); Vicki Schmidt represented by Tate Flott (KS); Grace Arnold represented by Paul Hanson (MN); Troy Downing represented by Troy Smith (MT); Marlene Caride represented by Ralph Boeckman (NJ); Russell Toal (NM); Barbara D. Richardson (NV); Judith L. French represented by Rick Campbell (OH); Doug Slape represented by Leah Gillum (TX); James A. Dodrill represented by Jeannie Tincher (WV); and Mark Afable represented by Rebecca Rebholz (WI). Also participating was: Brent Kabler (MO).

1. Adopted its Spring National Meeting Minutes

Director Lindley-Myers made a motion, seconded by Ms. O’Connell, to adopt the Task Force’s Mar. 22, 2021 minutes (*see NAIC Proceedings – Spring 2021, Market Information Systems (D) Task Force*). The motion passed unanimously.

1. Adopted the Report of the Market Information Systems Research and Development (D) Working Group

Mr. Kabler said the Working Group met July 21, July 15, and June 16, 2021. During these meetings the Working Group reviewed the progress of the implementation of the Market Information Systems (MIS) metric report recommendations for metric updates and methods to improve metric result reporting and data quality.

Mr. Kabler said the Working Group heard presentations from NAIC staff and the Center for Economic Justice (CEJ) regarding the use of artificial intelligence (AI) in market analysis. He said NAIC staff retained a consultant to develop both AI, as well as more traditional statistical techniques, to construct predictive models of insolvency risk. He said NAIC staff believe the methods show promise and could significantly advance financial risk surveillance. Among AI and statistical models explored were decision tree analysis, generalized linear models, and logistic regression.  Birny Birnbaum (CEJ) encouraged the Working Group to adopt a long-term perspective and develop a multi-year plan to explore AI techniques that might be beneficial to market analysis. Mr. Birnbaum also indicated state insurance regulators have failed to acquire granular transactional data that could be leveraged by AI methods to provide a much more robust surveillance system to reduce consumer harm.

Mr. Kabler said the Working Group reviewed comments received on the proposed changes to the Regulatory Information Retrieval System (RIRS) coding structure.

Mr. Kabler said the Working Group reviewed outstanding Uniform System Enhancement Requests (USER) and approved a request to add the complaint subject code to i-Site+ and the Consumer Insurance Search (CIS). the RIRS coding change and re-structure has been the most ambitious project of the Market Information Systems Research and Development (D) Working Group. He has been working on it even before the Working Group was formed.

Superintendent Toal made a motion, seconded by Director Lindley-Myers, to adopt the Market Information Systems Research and Development (D) Working Group report. The motion passed unanimously.

1. Adopted the RIRS Coding Change Proposal

Commissioner Kreidler said Market Information Systems Research and Development (D) Working Group adopted the RIRS Proposal prior to the Spring National Meeting and reported on its adoption to the Task Force during the Spring National Meeting. He said that, at that time, the Task Force agreed to expose the proposal on the Task Force web page, receive comments, and consider its adoption during the Summer National Meeting.

Commissioner Kreidler said the Working Group reviewed the proposal with representatives of the Financial Analysis Solvency Tools (E) Working Group and the state producer licensing directors and their feedback were incorporated into the proposal. He said the proposal was also reviewed with the state back-office system vendors, who made a recommendation to create a user’s guide for the new codes and the vendors do not anticipate any additional cost to implement the necessary system changes to support the proposal.

Commissioner Kreidler said comments were received from the California Department of Insurance and CEJ. Mr. Birnbaum said he supported the proposed changes to RIRS coding. His comments were focused on prioritization of origin of action codes and disposition codes. He said multiple codes are allowed for each are allowed on RIRS entries and it would be useful to to prioritize them when inputting to show the relative importance. Mr. Kabler said that was a good suggestion but noted that analysts will generally use their own subjective prioritization when reviewing an action with multiple codes.

Superintendent Toal made a motion, seconded by Commissioner Richardson, to adopt the RIRS Coding Change Proposal. The motion passed unanimously.

1. Heard a Report on Outstanding USER Forms

Chris Witt (NAIC) said USER Form 10082 is the request to add a Complaints Database System (CDS) subject code for “pandemic” and a coverage code for “business interruption.” He said while completing this request, it was discovered that subject codes are not displayed. He said the USER Form 10082 is complete and the Working Group approved a new USER Form 10083.1 to display the subject codes in i-Site+ and CIS.

Mr. Witt explained the first page of the USER Form Status Update identifies other market regulation projects that are outside the USER form process. These are projects arising from Stat Ahead initiatives or that are needed to maintain and update existing systems such as the Market Conduct Annual Statement submission tool. This information is included to assist the Task Force and the Working Group in their prioritization.

Having no further business, the Market Information Systems (D) Task Force adjourned.

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