

National Association of Insurance Commissioners (NAIC) Principles on Artificial Intelligence (AI)

RECOMMENDS that insurance companies and all persons or entities facilitating the business of insurance that play an active role in the AI system lifecycle, including third parties such as rating and advisory organizations (hereafter referred to as “AI actors”) adhere to these fundamental principles. These principles are intended to set out consistent policy considerations to guide, to the extent permitted by insurance law and regulation, various NAIC Committees’ consideration of specific insurance applications of AI.

CALLS ON all developers and users of AI ~~AI actors~~ to promote, consider, and monitor, ~~the~~ following principles for responsible stewardship of trustworthy AI, according to their respective roles.

UNDERLINES that the following principles are complementary and should be considered as a whole.

Fair and Ethical

- a. AI actors should respect the rule of law throughout the AI lifecycle. This includes, but is not limited to, insurance laws and regulations, including those relating to trade practices, unfair discrimination, ~~access to insurance, underwriting, privacy, consumer protection and eligibility practices, ratemaking standards, advertising decisions, claims practices and solvency.~~
- b. AI actors should proactively engage in responsible stewardship of trustworthy AI in pursuit of beneficial outcomes for consumers, ~~such as augmenting human capabilities while continuing to respect legal norms where they operate.~~ AI systems should not be designed to harm or deceive people and should be implemented in a manner that avoids harmful or unintended consequences ~~minimizes negative outcomes~~ for consumers.

Accountable

- a. AI actors should be accountable for ensuring that ~~AI systems~~ operate in compliance with these principles consistent with the actors’ roles, the risk-based situational context, and evolving technologies. Any AI system should be compliant with laws and regulations governing ~~its~~ use of data and algorithms during its phase of the insurance lifecycle. Data supporting the final outcome of an AI application should be retained and be able to be produced in accordance with applicable insurance laws in each jurisdiction. AI actors should be responsible for the ~~creation, implementation and~~ impacts of any AI system, ~~even if the impacts are unintended.~~ AI actors should implement mechanisms and safeguards appropriate to ensuring all relevant laws and rules are followed, including ongoing risk-based (human or otherwise) monitoring, and when appropriate, human intervention. Consistent with current law and regulations, regulators and

~~consumers requirements, stakeholders (which includes regulators and consumers)~~ should have a way to inquire about ~~or~~, review, ~~or seek recourse for~~ AI-driven ~~insurance~~ decisions that have already adversely impacted an insurance consumer. This information should be plain, easy-to-understand and describe the factors that lead to the ~~adverse impact, prediction, recommendation or decision~~.

Compliant

- a. AI Actors must have ~~the~~ knowledge and resources in place ~~to ensure compliance with all applicable federal and state insurance laws and regulations~~ to comply with all applicable laws and regulations. AI actors must recognize that insurance is primarily regulated by the individual states and territories of the United States as well as by the federal government, and that AI systems must comply with the insurance laws within each individual jurisdiction. Compliance is required whether the violation is intentional or unintentional. Compliance with state and federal laws is an ongoing process, thus any AI system that is deployed must show consistent risk-based monitoring for compliance with laws and safeguards against outcomes that are either unfairly discriminatory or otherwise violate legal standards, including privacy and data security laws.

Transparent

- a. For the purpose of improving the public's confidence in AI, ~~AI Actors must be transparent about how they use these systems~~. AI Actors should commit to transparency and responsible disclosures regarding AI systems to relevant stakeholders, including consumers, while maintaining the ability to protect confidentiality of proprietary algorithms and adherence to individual state law and regulations in all states where AI is deployed. ~~Among these proactive disclosures include~~ As required by law and regulation, AI actors should make responsible and appropriate disclosures to regulators that include non-proprietary information revealing the kind of data being used, the purpose of the data in the AI system and ~~consequences for all stakeholders~~ any adverse impacts on insurance consumers. As required by law and regulation, AI actors should make reasonable and appropriate disclosures to consumers that include non-proprietary information revealing the use of AI and categories of data being used.

Secure, Safe and Robust

- a. AI systems should be robust, secure and safe throughout the entire life cycle so that, in conditions of normal or reasonably foreseeable use, or ~~adverse conditions~~, the AI system can function in compliance with existing laws and regulations. To this end, AI actors should ensure a reasonable level of traceability in relation to datasets, processes, and decisions made during the AI system lifecycle. AI actors ~~should~~ enable analysis of the AI system's outcomes, responses and other insurance related inquiries, as appropriate in keeping with current industry best practices and legal requirements.
- b. AI actors should, based on their roles, the situational context, and their ability to act, apply a systematic risk management approach to each phase of the AI system lifecycle on a continuous basis to address risks related to AI systems, including privacy, digital security, and unfair discrimination as defined by law and regulation.

