# 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

**CALLS ON** all 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.

## **F**air and Ethical

* 1. AI actors should respect the rule of law throughout the AI lifecycle. This includes, but is not limited to, insurance laws and regulations, such as 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 and to avoid proxy discrimination against protected classes.. AI systems should not be designed to harm or deceive people and should be implemented in a manner that avoids harmful or unintended consequences.

## **A**ccountable

1. AI actors should be accountable for ensuring that AI systems operate in compliance with these principles consistent with the actors’ roles, within the appropriate context and evolving technologies. Any AI system should be compliant with legal requirements 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 and regulations 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 consistent with the degree and nature of the risks posed by AI to ensure all applicable laws and regulations are followed, including ongoing (human or otherwise) monitoring and when appropriate, human intervention. However, absent negligence in the creation, implementation or monitoring of an AI system the remedy of an impact that violates existing regulation should be correction of said impact.

## **C**ompliant

a. AI actors must have the knowledge and resources in place to comply with all applicable insurance 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 and regulations within each individual jurisdiction. Compliance is required whether the violation is intentional or unintentional. Compliance with legal requirements is an ongoing process. Thus any AI system that is deployed must be consistent with applicable laws and safeguards against outcomes that are either unfairly discriminatory or otherwise violate legal standards, including privacy and data security laws and regulations. Any decision by an AI actor that utilizes an AI system in its creation shall not be held in violation of existing regulation, if that same decision would have been rendered without the use of an AI system.

## **T**ransparent

* 1. For the purpose of improving the public’s confidence in AI, AI actors should commit to transparency and responsible disclosures regarding AI systems to relevant stakeholders, including consumers. AI actors must have the ability to protect confidentiality of proprietary algorithms and adherence to individual state law and regulations in all states where AI is deployed. These proactive disclosures include revealing the kind of data being used, the purpose of the data in the AI system and consequences for all stakeholders.

1. Consistent with applicable laws and regulations, stakeholders (which includes regulators and consumers) should have a way to inquire about, review and seek recourse for AI-driven insurance decisions. This information should be, easy-to-understand and describe the factors that lead to the prediction, recommendation or decision. This information may be presented differently and should be appropriate for applicable stakeholders.

## **S**ecure, 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, they can function in compliance with applicable 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 applicable industry best practices and legal requirements.

* 1. 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 applicable laws and regulations.