

MARKET INFORMATION SYSTEMS (D) TASK FORCE

Market Information Systems (D) Task Force Nov. 17, 2020, Minutes

Market Information Systems (D) Task Force Oct. 23, 2020, Minutes (Attachment One)

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Market Information Systems (D) Task Force
Virtual Meeting (*in lieu of meeting at the 2020 Fall National Meeting*)
November 17, 2020

The Market Information Systems (D) Task Force met Nov. 17, 2020. The following Task Force members participated: Lori K. Wing-Heier, Chair (AK); Chlora Lindley-Myers, Vice Chair (MO); Alan McClain represented by Crystal Phelps (AR); Evan G. Daniels represented by Cheryl Hawley (AZ); Ricardo Lara represented by Don McKinley (CA); Michael Conway represented by Damion Hughes (CO); Trinidad Navarro represented by Frank Pyle (DE); Doug Ommen represented by Kim Cross (IA); Robert H. Muriel represented by Erica Weyhenmeyer (IL); Vicki Schmidt represented by Tate Flott (KS); Sharon P. Clark represented by Russell Hamblen (KY); James J. Donelon represented by Jeff Zewe (LA); Barbara D. Richardson represented by Nick Stosic and Hermoliva Abejar (NV); Tynesia Dorsey represented by Rodney Beetch (OH); Texas represented by Rachel Cloyd (TX); Michael S. Pieciak represented by Christine Rouleau (VT); Mike Kreidler represented by John Haworth (WA); and James A. Dodrill represented by Theresa Miller (WV). Also participating were: Cynthia Amann and Brent Kabler (MO).

1. Adopted its Oct. 23 and Summer National Meeting Minutes

Director Wing-Heier said the Task Force adopted its 2021 proposed charges via an e-vote. The Oct. 23 minutes record the results of the e-vote.

Director Lindley-Myers made a motion, seconded by Ms. Phelps, to adopt the Task Force's Oct. 23 minutes (Attachment One) The motion passed unanimously.

Mr. Haworth made a motion, seconded by Mr. Flott, to adopt the Task Force's Aug. 4 minutes (*see NAIC Proceedings – Summer 2020, Market Information Systems (D) Task Force*). The motion passed unanimously.

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

Mr. Kabler said the Working Group met Oct. 26, Oct. 6 and Aug 27 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) and paragraph 6 (consultations with NAIC staff members) of the NAIC Policy Statement on Open Meetings.

Mr. Kabler said the Working reviewed proposed Regulatory Information Retrieval System (RIRS) coding structure changes. He said the proposal was also shared with the Financial Analysis Solvency Tools (E) Working Group and the State Producer Licensing Directors. He said these state insurance regulator groups will be notified of the future Working Group call where the proposal and comments will be discussed.

Mr. Kabler said the Market Information Systems (MIS) data analysis results were reviewed. He said more analysis will be done to determine if there will be a recommendation to update the metrics or improve reporting and data quality.

Mr. Kabler said the Working Group reviewed the outstanding Uniform System Enhancement Request (USER) forms. He noted that the Working Group agreed to not move forward on USER 10069A, which was a request to re-implement previously eliminated reason codes and disposition and add new reason codes. The request was received. Mr. Kabler said five of the requested codes were dropped by the Complaint Handling and Reporting Standards (D) Working Group as either being duplicative or relating to complaints against entities not regulated by departments of insurance (DOI). He said jurisdictions can track state-specific reporting information in their back-office systems.

Mr. Haworth made a motion, seconded by Mr. Hamblen, to adopt the report of the Market Information Systems Research and Development (D) Working Group. The motion passed unanimously.

3. Reviewed the MIS Data Analysis Metrics and Recommendations

Director Wing-Heier said each year, the Market Information Systems Research and Development (D) Working Group presents its analysis of the accuracy, timeliness and completeness of the data in the NAIC MIS databases. She said in most years, the Working Group will also have recommendations for improving the data in the MIS databases. Because of the delays caused by the COVID-19 pandemic, the Working Group is not quite finished with all its analysis and recommendations. She said it does

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have a preliminary report ready to present to the Task Force. She said the Task Force will postpone adoption of the report until the Working Group has an opportunity to finish its analysis of the data.

Mr. Kabler reviewed the Complaints Database System (CDS), Market Action Tracking System (MATS), Market Analysis Review System (MARS), and Market Conduct Annual Statement (MCAS) metrics.

Mr. Kabler noted that the CDS timeliness metric for submission of closed complaints indicated that fewer jurisdictions submitted closed complaints data monthly in 2019 than in 2018. He also noted that a higher percentage of complaints were submitted for companies with no premium in the line business. He said there can be reasons for this, but a spot check showed that 90% of those submissions were coded in error. He said this reflects only 3.4% of the submitted complaints.

Mr. Kabler said one of the MATS completeness metrics checks to see if RIRS actions that are coded as market conduct exams are also reported in the MATS. He said this comparison showed that 97% of RIRS actions coded as market conduct exams are not also input into the MATS. He said this will be brought to the attention of all the jurisdictions.

Director Wing-Heier asked for an explanation of the red and green arrow symbols next to each metric. Ginny Ewing (NAIC) explained that a red arrow is always in the downward direction, and it means that the metric is trending adversely. The green arrow is always in the upward direction, and it indicates that the metric is trending in a positive direction.

4. Heard a Report on Outstanding USER Forms

Ms. Ewing said the following USER forms are in development or complete:

USER Form 10051 is a request to implement the MATS Web Service in State Based Systems (SBS). Ms. Ewing said this project is currently on hold to allow the SBS team to complete its project tracking.

USER Form 10053 is a request to review RIRS codes to clarify definitions for consistent usage and make recommendations for revisions. Ms. Ewing said the coding changes were shared with financial and producer licensing regulators for their review and feedback.

USER Form 10069A is the request to re-implement previously eliminated CDS reason and disposition codes. Ms. Ewing said the Market Information Systems Research and Development (D) Working Group decided not to move forward with this request for the reasons previously mentioned by Mr. Kabler.

USER Form 10069B is the request to align the lender-placed complaint codes to the new MCAS lender-placed insurance blank and track pet insurance complaints more accurately. Ms. Ewing said this request is complete and was put in production on Sept. 24.

USER Form 10080 is the request to update the RIRS to display data retention policies and terminology related to action dates. She said much of this request is complete, but the RIRS subject matter experts (SMEs) are reviewing the data dictionary and considering the issue of the “earliest action date” being misleading in the Regulatory Systems Participating State Report.

USER Form 10082 is the request to add a CDS subject code for “pandemic” and a coverage code for “business interruption.” Ms. Ewing said this request is complete and was put in production on Sept. 24. She said while completing this request, it was discovered that subject codes are not displayed. She said a USER form will be created to correct this issue.

Mr. Haworth asked if the complaint forms will be updated to correspond to the coding changes in the CDS. Ms. Ewing said they would be.

5. Discussed Recommendations for the Use of AI in the MIS

Director Wing-Heier said the charge to make recommendations for the use of artificial intelligence (AI) was extended into 2021. She said the Task Force only had one opportunity to discuss this in 2020, which was to hear a presentation from Birny Birnbaum (Center for Economic Justice—CEJ). She said the Task Force has not received any comments on this charge, and she invited interested state insurance regulators and interested parties to comment and present to the Task Force.

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Director Wing-Heier said the use of AI is currently under consideration by a few other NAIC working groups and task forces. However, those discussions are focused on the industry use of AI and its governance and regulatory oversight. Director Wing-Heier said the Task Force discussions are unique in that it is considering how state insurance regulators can incorporate AI to improve their market analysis and market conduct regulation.

Director Wing-Heier asked whether state insurance regulators or interested parties have concerns regarding the use of AI in market analysis. She said by knowing what the questions and concerns are, the Task Force can arrange to find the appropriate SMEs to help address these questions and concerns during the Task Force's meetings in 2021.

Ms. Abejar said if AI is used to turn raw data into information that can be analyzed by market regulators, the probability of a market regulator missing a market risk for their state might be low; however, if AI is used to determine the market risk, they would be interested to know what parameters are put in place in order for the AI to come up with an analytical conclusion regarding any market risk. She said for smaller states, the numbers may not be significant compared to other states; and using AI to determine market risk using cookie-cutter parameters, their market risks might be overlooked as insignificant. She said she is interested to know what feeds into the AI or how the AI works.

Ms. Amann said the Accelerated Underwriting (A) Working Group has heard numerous presentations on the AI and machine learning (ML), and it has formed two ad hoc groups. She said the Working Group is compiling a catalog of state insurance regulator concerns. The Working Group is also drafting a guidance paper. Director Wing-Heier asked Ms. Amann to discuss this with Randy Helder (NAIC). Director Wing-Heier said she would like to hear from some of the vendors.

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

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Market Information Systems (D) Task Force
E-Vote
October 23, 2020

The Market Information Systems (D) Task Force conducted an e-vote that concluded Oct. 23, 2020. The following Task Force members participated: Lori K. Wing-Heier, Chair (AK); Alan McClain (AR); Ricardo Lara represented by Pam O'Connell (CA); Michael Conway represented by Damion Hughes (CO); Trinidad Navarro represented by Frank Pyle (DE); Robert H. Muriel represented by Erica Weyhenmeyer (IL); Vicki Schmidt (KS); Sharon P. Clark (KY); James J. Donelon represented by Jeffrey Zewe (LA); Grace Arnold (MN); Jon Godfread represented by Johnny Palsgraaf (ND); Barbara D. Richardson represented by Nick Stosic (NV); Tynesia Dorsey represented by Todd Oberholtzer (OH); Kent Sullivan represented by Rachel Cloyd (TX); Mike Kreidler represented by John Haworth (WA); and James A. Dodrill represented by Jeannie Tincher (WV).

1. Adopted its 2021 Proposed Charges

The Task Force considered adoption of its 2021 proposed charges. The Task Force's 2021 proposed charges remain consistent with 2020, except for completion dates being adjusted to the 2021 Fall National Meeting.

A majority of the Task Force members voted in favor of adopting the Task Force's 2021 proposed charges.

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

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