

Draft Pending Adoption

Attachment A

Big Data and Artificial Intelligence (H) Working Group

2/17/26

Draft: 2/13/26

Big Data and Artificial Intelligence (H) Working Group
Virtual
February 9, 2026

The Big Data and Artificial Intelligence (H) Working Group of the Innovation, Cybersecurity, and Technology (H) Committee met virtually on Feb. 9, 2026. The following Working Group members participated: Nathan Houdek, Lauren Van Buren, Coral Manning, and Timothy Cornelius (WI); Doug Ommen, Co-Vice Chair, Daniel Mathis, and Amanda Theisen (IA); Mary Block, Co-Vice Chair (VT); Molly Nollette (AK); Richard Fiore (AL); Lori Munn and Tom Zupan (AZ); Ken Allen (CA); Jason Lapham (CO); Wanchin Chou, Kurt Swan, and George Bradner (CT); Shannon Hohl (ID); Nicole Crockett (FL); Shaun Orme (KY); Jack Engle (IL); Nathan Strebeck (LA); Jackie Horigan (MA); Marie Grant represented by Raymon Guzman (MD); Sandra Darby (ME); Kate Stojsih (MI); TJ Patton (MN); Julie Lederer (MO); Colton Schulz (ND); Connie Van Slyke (NE); Christian Citarella (NH); Randall Currier (NJ); Kevin Yan (NY); Mike Humphreys and Diana Sherman (PA); Matt Walsh (OH); Matt Gendron (RI); Travis Jordan (SD); Michael Schulz (TN); Rachel Cloyd (TX); Eric Lowe (VA); Joylynn Fix (WV); and Lela Ladd (WY)

Before addressing the agenda items, Commissioner Houdek acknowledged that Commissioner Humphreys stepped back from serving as chair of the Working Group in 2026 and thanked him for his leadership in 2025 for advancing the work and the progress on the AI Systems Evaluation Tool. He additionally expressed thanks that Commissioner Ommen and Mary Block will remain as Co-Vice Chairs.

1. Adopted its Dec. 7, 2025 Minutes

The Working Group met Dec. 7, 2025 and took the following actions: 1) adopted its Nov. 19, 2025 minutes; 2) discussed edits to the AI Systems Evaluation Tool and heard feedback from interested parties; and 3) discussed an update on the pilot process of the AI Systems Evaluation Tool.

Darby (ME) made a motion, seconded by Munn (AZ), to adopt the Working Group's Dec. 7, 2025 minutes (*see NAIC Proceedings – Fall 2025, Innovation, Cybersecurity, and Technology (H) Committee, Attachment Two*). The motion passed unanimously.

2. Discuss AI Systems Evaluation Tool Pilot Process

Houdek stated that the Working Group held a preliminary discussion on the AI Systems Evaluation Tool pilot process at the Fall National Meeting and asked that Miguel Romero (NAIC) summarize the details. Romero stated that the participating states selected themselves and coordinated with the NAIC, with the objectives that the pilot experience of the Tool will help determine the effectiveness and provide understanding how companies are implementing their AI governance processes. He noted the timeline and how the Tool will be used in the context of market conduct exams, reviews, financial analysis, and financial exams. Regulators have the freedom to tailor the Tool, and based on company responses, the dialog may shift. Regulators will focus on sending the Tool to their domestic insurers but each state will make their own decision. Regarding confidentiality, states will leverage their exam authority. As the pilot advances, the NAIC will provide updates to the Working Group, other committees, and other stakeholders. The Working Group hopes to finish development of the Tool for the purposes of the pilot in February, then publish it in March, and continue with training and share updates at the Spring National Meeting. The Tool will be updated based on the pilot experience and potentially be adopted at the Fall National Meeting. It is anticipated that there will be additional public opportunities for input.

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Houdek stated that this pilot process is an opportunity to learn what does and does not work, and what needs to be refined in order to finalize it and possibly adopt it later this year.

Karin Gyger (American Council of Life Insurers—ACLI) asked whether the insurance company participation would be voluntary and whether the findings from the pilot would be subject to compliance penalties. Commissioner Houdek responded that the pilot states are discussing how the pilot will be structured, and believed that participation will not be voluntary for selected companies. The pilot states will determine which companies to focus on, and will coordinate to ensure that companies are not receiving multiple inquiries and correspondence from different states. Romero added that it will be a state-by-state decision, and will discuss with potential insurance companies as governance is a currently developing implementation. Houdek added that states will work with companies to gather information that is beneficial for the long run.

David Snyder (American Property Casualty Insurance Association—APCIA) commented that it is unusual that it would not be voluntary for the companies as well as the regulators and asked whether there is a way to collect member responses, questions, and concerns about the process, how to communicate with the pilot states, and further asked whether the Working Group intends to bring recommendations from the pilot to both the NAIC (E) and (D) Committees. Houdek expressed that the Working Group appreciates feedback from industry from the experience, and if a company does not feel comfortable sharing directly then they can share it through a trade organization. Regulators from the pilot states will be meeting regularly throughout the pilot process to share feedback. There will be opportunity for more industry input on the Tool once the pilot is concluded.

Miranda Motter (America's Health Insurance Plans—AHIP) asked for clarity on the pilot process timeline and whether it will align with a financial exam schedule. Houdek responded that the pilot states are coordinating among themselves on administering components of the Tool and how it will be utilized through examination processes, but not every state may take that approach.

3. Discussed Edits to the AI Systems Evaluation Tool and Heard Feedback from Interested Parties

Commissioner Houdek reminded that the Working Group held a half day session at the Fall National Meeting in December but was only able to discuss through Exhibit A. Since then, the drafting group has been working with NAIC staff to recommend edits to the remaining exhibits by incorporating the input and suggested edits from interested parties and stated that the goal for the meetings today and next week is to continue the discussion of the remaining exhibits. Then based on feedback from the pilot process, the Working Group will further refine the tool and will provide an opportunity for additional input from interested parties with the objective to finalize and formally adopt it at the Fall National Meeting to then be utilized by states on a voluntary basis in 2027.

Romero highlighted some of the updated edits to the Tool, which were: 1) clarifying some of the language as suggested by APCIA, 2) simplifying some of the governance framework questions, 3) focusing on material and direct impacts, 4) changing the word “ensure” to “evaluate” in several questions in Exhibit B (checklist), 5) clarifying the reference to materiality, unfair discrimination, and how models were validated.

Block added that an insurance company should not be deterred from asking a regulator for clarification on the questions in the Tool.

Romero stated that Exhibit D had fewer recommended edits but some edits carried forward from other Exhibits that were applicable to this Exhibit. The regulators are not ready to consider removing Exhibits C and D in response

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to some of the interested party feedback before those Exhibits were tested. He stated that definitions were added for “augment”, “automate”, and “support”, and the definition for “neural network” was clarified.

Eric Ellsworth (NAIC Consumer Representative) noted that in practice, the distinction between “augment” and “automate” may not be clear, and may interact so it may not be obvious. Commissioner Houdek suggested that if there are specific language changes then send them to Miguel Romero.

Wayne Turner (National Health Law Program) appreciated the added language on compliance that is not limited to the Unfair Trade Practices Act and appreciated the addition of testing for compliance with unfair discrimination regulations, and the notion of accountability.

Lindsey Stephani (National Association of Mutual Insurance Companies—NAMIC) commented that the definition of AI Systems should exclude predictive models and GLMs. Romero suggested the Working Group study and evaluate which models should be scoped in or out. Block suggested that the scope should be maintained as including GLMs but that the pilot process would help determine whether the scope should be narrowed to exclude GLMs, which may also depend on the type of company and level of sophistication. Coral Manning (WI) added that this should be considered on an individualized basis depending on the company.

Ellsworth commented in the meeting chat that “predictive” modeling is a use of a model, not a technique and that many AI models are predictive. Stephani commented in support of Ellsworth but added that there is a distinction between true predictive models and AI. A predictive model could simply be rules-based or a simple algorithm and thus should not be in scope. Commissioner Houdek responded that the Working Group wants to keep the scope broader in the pilot phase field testing to learn and refine the Tool and hesitates to scale back from scope.

Caleb Huntington (MA) suggested in the meeting chat that the term “predictive model” needs to be defined. Colton Schulz (ND) responded in the meeting chat that this discussion may be getting lost in the details. He suggested that the inputs and outputs should be audited appropriately by the examiner considering the context of the use of the model – predictive, AI, or otherwise.

Randi Chapman (Blue Cross Blue Shield Association—BCBSA) requested that the word “material” be added within Exhibit A, and “direct” be added within the question in Exhibit A regarding the number of AI System models with consumer impact. Commissioner Houdek responded that the Working Group does not want to narrow the scope, but will have more discussion about materiality during the pilot process.

David Snyder (American Property Casualty Insurance Association—APCIA) commented that the issue for companies is adding on to well-established regulatory standards and processes, supported adding the concept of materiality, and refer to consumer outcomes in a similar context as the Model Bulletin. He also pointed out that rating and underwriting factors are separately regulated, and added that the Tool should be focused on AI Systems that are new and different and less focused on back office systems or models that have been long regulated and effectively regulated by the states.

Motter asked whether the third-party data source and vendor name referenced in Exhibit C can be optional given confidentiality agreements and disclosure obligations. Block responded that issue will be a discussion between the examination staff and the company.

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Romero solicited additional edits from interested parties to be sent in writing. Commissioner Houdek stated that additional edits can be discussed during the next meeting on Feb. 17 and based on that discussion, the Working Group will update the Tool to be ready for the pilot process beginning in March.

4. Discussed Other Matters

Having no further discussion, the Big Data and Artificial Intelligence (H) Working Group adjourned.

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