**Workstream Three – Special (EX) Committee on Race & Insurance**

**Initial List of Potential Issues for Workstream Three to Consider**

**October 29, 2020**

**Affordability and Availability**

* Examine affordability of auto or homeowners insurance including how well measures to improve affordability have worked.
  + CIPR has collected past studies and will continue this historical compilation.
* Study the ability of certain economically disadvantaged groups to shop effectively for insurance, particularly as insurers increasingly shift online.
* Look at residual markets and how they interplay with voluntary markets, including differentiation in the makeup of the two.
  + NAIC will contact AIPSO to obtain data.
* Look at premium financing issues and nonstandard markets and their impact on disadvantaged groups.

**Access**

* Evaluate access to insurance among disadvantaged groups.
* Determine which insurers are or are not writing minority populations and businesses.
* Consider marketing issues. Do insurer marketing practices exclude certain populations? Who is being targeted? Is it based on geography or social media presence?
* Does producer location impact marketing and access to products? *See additional info under “Producer Issues.”*
* Do consumers have access to information? Are there different levels of trust among disadvantaged groups? Does a move to digital marketing impact certain groups? Look into community partnerships to improve consumer information.

**Unfair Discrimination**

* Evaluate use of socio-economic factors in premium setting that do not reflect personal driving history and could be proxies for race. Are some factors inherently discriminatory?
* Should underwriting criteria and reasons for selecting those criteria be required to be filed by states?
* Analysis of correlation vs causation issues. Should a framework be explored?
* Does territorial rating have unfair impact on certain populations?
* Can disparate impact be evaluated/considered alongside unfair discrimination?
* Is data collection needed to monitor market outcomes to identify discrimination and/or disparate impact?
* Claims settlement – do fraud detection techniques unfairly discriminate by using prior convictions which may be impacted by policing practices?

**Use of Data**

* Advisory organizations – is additional regulatory oversight needed for data vendors and vendors of algorithms for pricing? Third-party vendors are often not licensed as advisory organizations in the states. These vendors provide supplementary rating information and rating and scoring models for clients but do not file with states.
  + NAIC will work with AOEO Working Group on status of examining new data vendors.
* Is additional work needed with predictive modeling / pricing algorithms or AI? AI principles need to be translated.

**Producer Issues**

* Do states need to make changes with agent licensing requirements? Many states have made exams available in foreign languages.
  + NAIC will work with vendors to determine state language standards.
* Producer tests may have cultural bias.
  + NAIC will work with vendors to determine what they have done on this issue.
* Is there a lack of producers in certain disadvantaged areas? Study producers by company to determine the ZIP Code location of producers compared to demographics in the same area.
  + NAIC will pull data from the Producer Database.
* Encourage minority agency development programs to help address urban availability while increasing the diversification of the agent workforce.