AI Systems Evaluation Tool Pilot:
Pilot Project Background

The NAIC's AI Evaluation Tool helps regulators understand how insurers use artificial intelligence and assess whether their governance practices may be effective in managing potential risks. It provides a structured way for states to review AI systems, promote transparency, and identify where additional oversight, training, or improvements may be needed.

To assist stakeholders in understanding this initiative, the states participating in this Pilot have agreed to develop and release this project summary, which describes key aspects of the plan:

PARTICIPATING STATES

- Colorado
- Connecticut
- Florida

- Iowa
- Pennsylvania
- Rhode Island

- Virginia
- Vermont
- Wisconsin

Pilot Objectives

THE PILOT IS INTENDED TO GENERATE INSIGHTS THAT:

- Determine whether the Tool helps insurers clearly explain their AI governance systems to regulators.
- Determine whether the Tool helps regulators better understand how companies use AI systems and how those companies apply standard governance practices.
- Support the ongoing improvement and development of the Tool.
- Help create long-term recommendations for market conduct and financial risk assessment review processes.
- Identify what additional regulator training may be needed in the future.

Tool Use During the Pilot

TIMELINE

States will use the Tool from January 2026 to September 2026.

HOW IT WILL BE USED:

Pilot states will use the Tool in different types of work, including market conduct exams and reviews, financial analysis, and financial exams. Among the states piloting the Tool, some variation will occur in implementation. For example, questions in the Tool may be adapted to meet specific jurisdictional needs. States will attempt to maintain as much consistency as possible; however, each jurisdiction has the authority to modify the Tool in the pilot to meet its needs. The Pilot will include insurance companies from different lines of business (property/casualty, life, and health). Participating states will communicate with each company to explain the purpose of both the Tool and the Pilot project.

FOCUS AREAS

During the Pilot, states will focus on using the Tool with domestic insurers. They will follow the idea of proportionality—spending more time on high-risk AI systems that could lead to serious consumer or financial problems, and less time on low-risk back-office systems.

Additional Elements of the Pilot

CONFIDENTIALITY
Any requested information will be protected under the confidentiality rules of the state administering the exam.

TRAINING
Participating states and their involved staff will have the opportunity to receive training on AI, the Tool, and related topics.

COORDINATION
States will join coordination calls to avoid repeating requests and share what they learn. NAIC staff will encourage other interested states to join the Pilot.

PROGRESS REPORTS
Regulators will provide updates at each National Meeting to the D, E, and H Committees and other groups.

UPDATES TO THE TOOL
Participating states will suggest improvements, such as clearer definitions, better scope, and adjustments to questions. These updates will be included in future versions of the Tool, which will be released for public comment

Note: *The AI Systems Evaluation Tool Pilot process does not preclude states from performing additional or other AI regulatory actions.*

Working Timeline

FEBRUARY: Release the updated draft of the Tool, hold public sessions on key exhibits, finalize participating states, and begin training.

MARCH: Publish the Tool for Pilot use, continue training, and share an update at the Spring National Meeting.

MARCH-SEPTEMBER: Pilot states meet monthly to share progress and report at the Summer National Meeting.

SEPTEMBER-OCTOBER: Update the Tool based on Pilot feedback and issue it again for review.

NOVEMBER: Consider the updated Tool for adoption at the Fall National Meeting.