1. Consider Adoption of its October 8 Meeting Minutes

Attachment 1

–Commissioner Nathan Houdek (WI)

Draft: 10/23/26

Big Data and Artificial Intelligence (H) Working Group
Virtual Meeting
October 8, 2026

The Big Data and Artificial Intelligence (H) Working Group of the Innovation, Cybersecurity, and Technology (H) Committee met Oct. 8, 2026. The following Working Group members participated: Nathan Houdek, Chair, and Coral Manning (WI); Doug Ommen, Co-Vice Chair (IA); Mary Block, Co-Vice Chair (VT); Alex Romero (AK); Richard Fiore (AL); Jimmy Harris (AR); Lori Munn and Tom Zuppan (AZ); Ken Allen (CA); Jason Lapham (CO); George Bradner and Wanchin Chou (CT); Stuart Jones (FL); Weston Trexler (ID); Shannon Whalen (IL); Shaun Orme (KY); Caleb Huntington (MA); Raymond Guzman (MD); Sandra Darby (ME); Phil Vigliaturo (MN); Julie Lederer (MO); Jessica Price (NC); Colton Schulz (ND); Joshua Hilliard (NH); Susan Ochs (NJ); Kevin Yan (NY); Matt Walsh (OH); Nicole Nash (OK); John Haworth (OR); Diana Sherman (PA); Andreea Savu (SC); Travis Jordan (SD); Michael Barbara (TN); Shayne Beavan (TX); Michael Peterson (VA); Curt Kwak (WA); and Lela D. Ladd (WY).

1. Adopted its Aug. 31 Minutes

The Working Group met Aug. 31 and received an update on the most recent changes to the artificial intelligence (AI) Risk Evaluation Supplement.

Schulz made a motion, seconded by Block, to adopt the Working Group's Aug. 31 minutes (Attachment 1). The motion passed unanimously.

2. Received an Update on the AI Risk Evaluation Supplement Pilot

Manning said the 12 pilot states are meeting frequently to discuss the comment letters received and debate updates to the supplement. Eighteen pilot companies provided feedback through a survey of more than 40 questions, and states held one-on-one follow-up discussions with companies. This feedback generally tracks with the comment letters on areas of the supplement that were unclear. A longer pilot update, including anonymized pilot information and survey data, is planned for the Fall National Meeting.

Manning said the Working Group is between its first and second comment periods. It anticipates releasing version 6.0 of the supplement soon for a 14-day public comment period, with adoption planned for the Fall National Meeting.

3. Heard Comments from Interested Parties Summarizing Their Written Comments

Commissioner Houdek said the Working Group received 35 comment letters and summarized several takeaways. The Working Group will likely provide an anonymized example of a company submission once the supplement is adopted. While the pilot used the supplement broadly to test every exhibit, regulators anticipate a funneled, risk-focused approach after adoption. Companies using AI would receive Exhibit A requests, many would also receive Exhibit B inquiries, and, based on a risk assessment, some would be asked to complete Exhibits C and D for a specific set of AI models or data sets rather than for a large number of models. Language will be added to reflect this intention.

Houdek said the Working Group will clarify that existing company documents may be submitted in lieu of responses if they provide the information regulators need. Exhibits C and D will be retained as templates for deeper reviews, though not every company would receive them. A more robust pilot summary will be provided

© 2026 National Association of Insurance Commissioners

at the Fall National Meeting. The Working Group expects to add questions on agentic AI, although not all suggestions can be included now, and the supplement will continue to evolve, with the adopted version serving as the foundation. Possible incorporation of elements of the supplement into the financial or market conduct handbooks will be discussed next year, and no decisions have been made. Houdek noted that comments centered on materiality, direct consumer impact, generalized linear models (GLMs), and Exhibit A.

Jared Kosky (American Council of Life Insurers—ACLI) encouraged continued emphasis that the supplement is an examination and analysis aid supporting existing regulatory processes. He supported a sequential, risk-based approach in which Exhibit A serves as a screening mechanism and more detailed exhibits are used only when warranted by identified risks. He also recommended greater consistency in materiality, definitions, and interstate coordination; a coordinated implementation process; and continued attention to confidentiality protections.

Kristin Abbott (American Property Casualty Insurance Association—APCIA) said the treatment of GLMs goes to the fundamental scope of the supplement, and the APCIA submitted a separate report from Pinnacle Actuarial Resources on the issue. She said GLMs have been used and regulated in ratemaking for decades; they are transparent, explainable, and deterministic, applying specified mathematical formulas and parameters to data, and they do not learn, reason, or operate autonomously. This raises the threshold question of whether GLMs fit within the concept of an AI system, and they are already subject to actuarial governance and state rate review. Abbott said insurers' documented materiality thresholds should generally be respected absent a specific supervisory reason, internal operations with no consumer-facing output should fall outside the scope of direct consumer impact, and Exhibit A should serve as a meaningful threshold assessment.

Lindsey Stephani (National Association of Mutual Insurance Companies—NAMIC) recommended removing GLMs from the scope of the supplement, stating that regulators have adequately addressed their use for decades with existing tools and that the supplement's original purpose was to address new risks from emerging AI technologies. She said including GLMs would make the NAIC and U.S. regulators an outlier, make it harder to identify truly novel AI risks, and result in duplicative regulatory efforts. The NAMIC's written comments also address the materiality threshold, Exhibit A, and its recommendation that Exhibits C and D be removed.

Scott Harrison (National Alliance of Life Companies—NALC) agreed with Abbott and Stephani on GLMs and expressed concern about the disproportionate impact on small and midsize companies, which make up many of his organization's members and have long used GLMs.

LaCosta Wix (America's Health Insurance Plans—AHIP) recommended adding specific examples to guide regulators in customizing the supplement to market conduct or financial examinations, additional guidance to ensure the materiality threshold is applied consistently across states, and incorporating a prescribed AI review approach into the financial condition and market conduct examination handbooks.

Brian Allen (Center for AI Oversight) said governance comprises oversight, management, and technical layers, which the oversight exhibit currently mixes together. He requested greater clarity in defining the program being governed, including escalation processes, so that oversight is defensible, scalable, and adoptable, noting an increase in derivative action lawsuits against boards and corporate officers.

Kaenan Hertz (InsurTech Advisors) recommended preserving the distinction between identifying a GLM in an inventory and requiring a full additional review, so that inventory inclusion does not automatically duplicate existing actuarial and regulatory review. He said the direct consumer impact test should follow the decision rather than the interface, because a model can affect eligibility, price, or a claim without interacting with a consumer, and a human signing off on a result does not by itself remove that impact. He recommended

distinguishing material financial impact from consumer harm, since a decision can matter greatly to one policyholder without affecting the carrier's financial statements. For Exhibit A, he recommended a consistent rule for counting systems and models, including shared models, and preserving the option to submit an existing inventory.

Mary Jane Wilson-Bilik (Eversheds Sutherland, representing the Committee of Annuity Insurers—CAI), said the emphasis on GLMs may distract regulators from emerging AI risks, particularly agentic AI. Citing a reported incident this past summer in which, she said, AI agents gained unauthorized access to another company's protected systems, she said agentic AI is already used in insurance claims and payments and raises questions about agent identity, authorized scope, and consumer consent that warrant attention.

Eric Ellsworth (Checkbook Health/Center for the Study of Services—CSS), speaking for the NAIC consumer representatives, recommended strengthening the supplement's background language on the consumer outcomes that may result from AI use and applying state and federal anti-discrimination laws in addition to unfair trade practices authority. He said regulators should examine whether human-in-the-loop review is meaningful in practice, citing reports of model outcome reviews allotted 10 seconds. He also said some seemingly low-risk uses can harm consumers, such as chatbots that prevent consumers from reaching the source of a decision to seek redress.

Dwayne Clark (Recon.AI) distinguished evidence of how a control was designed from evidence that it actually operated for the system, model, or decision being examined. As AI becomes more dynamic or agentic, examiners may need to reconstruct which system version operated, what it was authorized to do, whether required human oversight occurred, and whether drift was detected. He asked that the supplement preserve this distinction so governance is independently inspectable over the AI life cycle, without prescribing a particular technology.

Jucheng (Jim) Zhao (Dorvelon) said agentic AI adds information security and privacy dimensions to risk assessment, so that a low-materiality chatbot may still expose privacy risk if it has extended privileges. He recommended adding fields capturing the application programming interfaces (APIs) and databases with which an agentic system interacts, along with greater transparency into third-party models.

Gerald Kennedy (Observatory Strategic Management) said interdependencies in AI use are creating aggregated risk and concurrent causation, including events affecting carriers themselves through hacks, and that contracts are not prepared for these developments. He said application data once verified by third parties is now ingested by AI and taken as accurate without the rest of the underwriting file, and governance to track data ingestion has not yet been developed.

Phillip Kangari (EasyEssence) said a model reaches the accuracy questions in Exhibit C only when the company's own risk rating is high, so regulators need a second signal. He recommended adding an item to the Exhibit A inventory asking whether each model with direct consumer impact is tested for accuracy after deployment and, if so, by what method. He said a representative reviewing each AI answer catches errors one conversation at a time but cannot show whether the AI repeats the same mistake across thousands of conversations, whereas testing outputs against the policy can.

Jason Crittenden (Shadow Dynamic Systems) recommended that Exhibit A count generative and agentic models separately, because a generative model produces content for someone to review while an agentic system takes actions.

Adam Fox (Colorado Consumer Health Initiative—CCHI) said data used in AI models should be sufficiently representative to avoid disparate or discriminatory outcomes and that definitions regarding consumer impact should be consistent throughout the supplement.

Randi Chapman (Blue Cross Blue Shield Association—BCBSA) recommended referring the supplement to the Market Regulation and Consumer Affairs (D) Committee and the Financial Condition (E) Committee to guide its use through existing handbooks. She recommended scaling the depth of review to the risk the AI use poses, consistent with the NAIC *Model Bulletin on the Use of Artificial Intelligence Systems by Insurers*, and a common baseline across states for information requests and response deadlines, with a response period of at least 30 business days. Commissioner Houdek said any referrals to the D and E Committees would follow future decisions on handbook incorporation.

David Snyder (American Property Casualty Insurance Association—APCIA) said that if GLMs remain under consideration, the APCIA requests a separate, more detailed discussion of the topic rather than addressing it within the initiative's tight timeline.

Miguel Romero (NAIC) asked whether excluding GLMs used in ratemaking would address commenters' concerns. Stephani said GLMs are used only in ratemaking, so they need not be in scope at all. Romero noted that some companies reported in the pilot survey using GLMs outside ratemaking.

Romero said the materiality language allows regulators either to accept a company's explained materiality or to rely on the materiality already set for scoping examinations, and it is intentionally not prescriptive to avoid conflicting with the Financial Condition Examiners Handbook, which is tied to accreditation requirements. Kosky said the ACLI's concern is potential inconsistency across jurisdictions rather than the handbook itself, and he agreed with Romero's explanation.

4. Discussed Any Other Matters Brought Before the Working Group

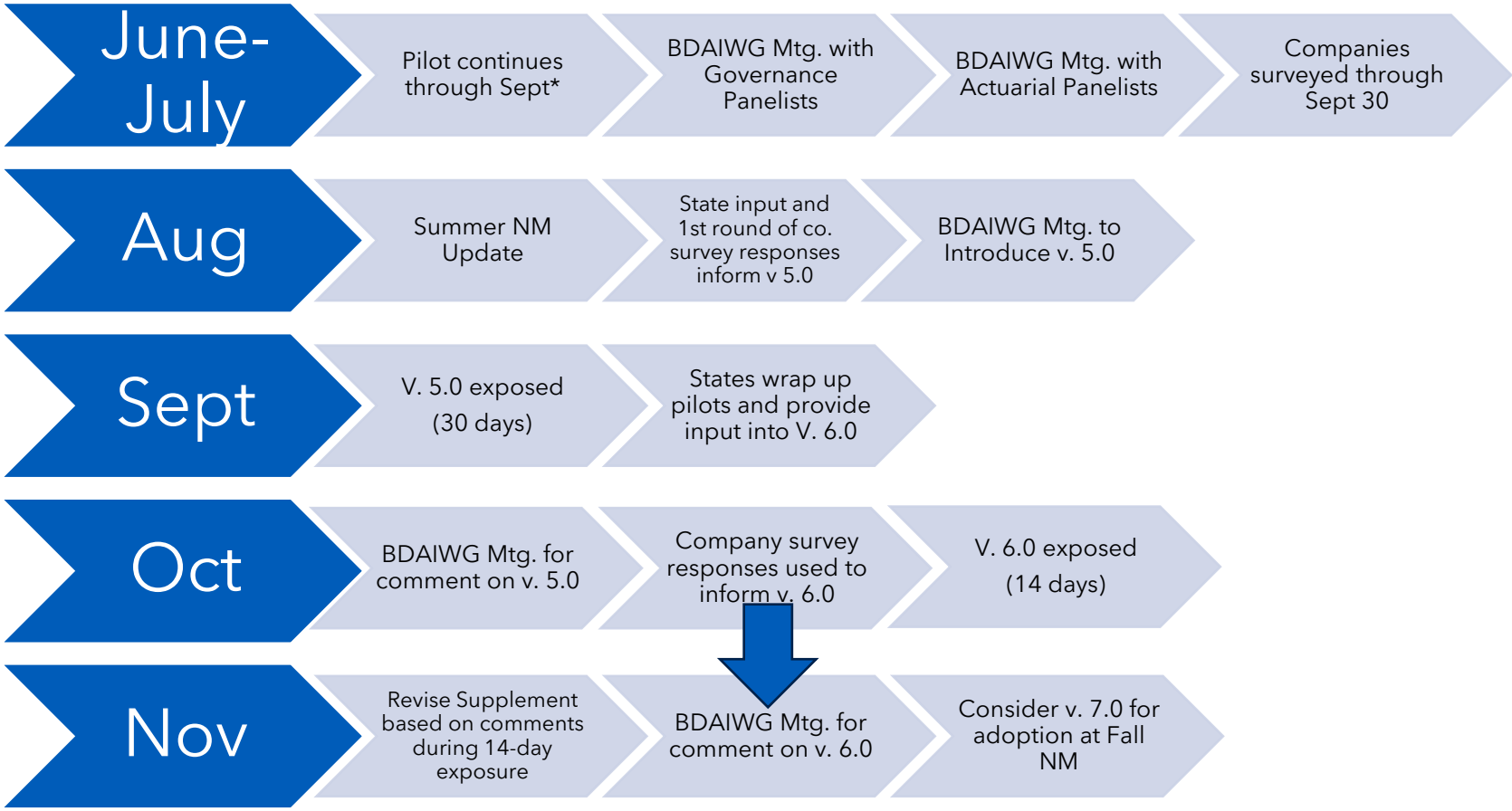
Commissioner Houdek said a new draft of the supplement is expected by the end of the following week, followed by a short comment period. The Working Group will hold an open call Nov. 2 and plans to adopt the supplement at the Fall National Meeting.

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

2. Receive an Update on the AI Risk Evaluation Supplement Pilot

–Coral Manning (WI)

AI Risk Evaluation Supplement Pilot–Timeline



*Information gleaned from the pilot experience will inform the Supplement drafts through adoption and future iterations.

AI Risk Evaluation Supplement Themes in Comments Received

- Agentic AI
- Exhibit B consistency
- Human in the loop guidance
- Materiality
- Generalized Linear Models (GLMs)
- Review of company documentation

3. Hear Comments from Interested Parties Summarizing Written Comments Received

–Commissioner Nathan Houdek (WI)

4. Discuss Any Other Matters Brought Before the Working Group

—Commissioner Nathan Houdek (WI)

5. Adjournment