

**NAIC MARKET CONDUCT ANNUAL STATEMENT BLANKS (D) WORKING GROUP**  
**Changes/Additions to Approved Blanks and Data Call and Definitions**  
**Proposal Submission Form**

NAIC USE ONLY:

Proposal Submission Date: 5/18/2020	
Proposed Effective Data Year for Reporting: 2022	
Proposed <input checked="" type="checkbox"/> Substantive Change <input type="checkbox"/> Non-Substantive Change/Clarification	
Proposal Number	2020.1
Proposal Status	<u>All Submissions</u> <input checked="" type="checkbox"/> Received – Date 5/18/2020 <input checked="" type="checkbox"/> Accepted <input type="checkbox"/> Rejected by MCAS Blanks WG Chair <input checked="" type="checkbox"/> Posted to Web Page for Public Exposure/Comment – Date 3/18/2021 <input type="checkbox"/> Referred to Another NAIC Group – Date Click or tap to enter a date. – Name of Group Click or tap here to enter text. <input type="checkbox"/> Adopted <input type="checkbox"/> Modified <input type="checkbox"/> Rejected <input type="checkbox"/> Deferred by WG – Date Click or tap to enter a date. <u>Substantive Revisions</u> <input type="checkbox"/> Adopted <input type="checkbox"/> Rejected by D Committee – Date Click or tap to enter a date. <input type="checkbox"/> Adopted <input type="checkbox"/> Rejected by EX/Plenary – Date Click or tap to enter a date. <input type="checkbox"/> Other – Date Click or tap to enter a date. Specify Click or tap here to enter text.
NAIC Staff Input	This proposal was submitted prior to implementation of the MCAS Proposal Form. It has been entered into the form and the form was posted on the web page on 3/18/2021

Proposal Contact Information

Name of Contact Person	Birny Birnbaum
Name of Organization	Center for Economic Justice
Email Address	birny@cej-online.org
Phone Number	512-912-1327
Affiliation Type	<input type="checkbox"/> State Regulator <input type="checkbox"/> NAIC Staff <input type="checkbox"/> Other Regulator <input type="checkbox"/> Reporting Company <input type="checkbox"/> Industry Trade Association <input checked="" type="checkbox"/> Consumer Representative <input type="checkbox"/> Other

PROPOSAL IS FOR:  Data Element     Data Definitions     Data Validation

APPLICABLE LINE(S) OF BUSINESS:

- |  |  |   |
|--|--|---|
| <input type="checkbox"/> Annuity           | <input type="checkbox"/> Homeowners                  | <input type="checkbox"/> Long-Term Care         |
| <input type="checkbox"/> Disability Income | <input type="checkbox"/> Lender Placed Auto and Home | <input type="checkbox"/> Private Flood          |
| <input type="checkbox"/> Health            | <input checked="" type="checkbox"/> Life             | <input type="checkbox"/> Private Passenger Auto |

PROVIDE A CONCISE STATEMENT OF THE PROPOSED CHANGE:

Definition: Accelerated underwriting means underwriting or pricing or life insurance in whole or in part on non-medical data obtained from other than the applicant or policyholder and includes, among other things, facial analytics, social media and consumer credit information.

Interrogatories:

- Does the company use accelerated underwriting for life insurance? Y/N
- If the company uses accelerated underwriting for life insurance, for what product categories is it used?
- If the company uses accelerated underwriting for life insurance, list the data sources used

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and vendors supplying data or algorithms.

Data Elements:

- For data elements 1B-19 through 1B-27, replicate each data element for accelerated underwriting experience. For example, in addition to current 1B-20:
- 1B-20A: Total Number of New Policies Issued By the Company during the Period Utilizing Accelerated Underwriting.

PROVIDE THE REASON FOR THE CHANGE:

Life insurers started utilizing accelerated underwriting a few years ago – the use of nonmedical data sources to create algorithms for underwriting and pricing. These data sources have included consumer credit data, social media, facial analytics and more. Some of the data sources used by insurers are not subject to the disclosure and consumer protection provisions of the Fair Credit Reporting Act. While accelerated underwriting holds the promise of faster decisionmaking and broader access, the use of black-box algorithms with little or no regulatory oversight also raises the potential for unfair and unfairly discriminatory treatment of applicants and policyholders. To enable regulators to monitor the effects of accelerated underwriting, we the proposed definition and data elements for MCAS life insurance.

IF ADDITIONAL DOCUMENTS CONTAIN DEFINITIONS, BLANK MOCK-UPS, ETC, PROVIDE A LISTING OF THESE DOCUMENTS BELOW. SEND THE LISTED DOCUMENTS TO NAIC STAFF ALONG WITH THE COMPLETED FORM:

Cej\_comments\_mcaswg\_200518.pdf