Draft Pending Adoption

Draft: 12/14/25

Third-Party Data and Models (H) Working Group
Hollywood, Florida
December 9, 2025

The Third-Party Data and Models (H) Working Group of the Innovation, Cybersecurity and Technology (H) Committee met in Hollywood, FL, Dec. 9, 2025. The following Working Group members participated: Jason Lapham, Chair (CO); Nicole Crockett, Vice Chair (FL); Alex Romero and Molly Nollette (AK); Richard Fiore (AL); Lori Dreaver Munn (AZ); Ken Allen and Chandara K. Phanachone (CA); Qing He and Kristin Fabian (CT); Grant Shintaku (HI); Doug Ommen (IA); Eric Fletcher and Weston Trexler (ID); Shannon Whalen (IL); Josh Carlson (KS); Matthew Stewart (LA); Jackie Horrigan (MA); Mary Kwei (MD); Sandra Darby (ME); Phil Vigliaturo (MN); Jo A. LeDuc and Brad Gerling (MO); Colton Schulz (ND); Christian Citarella (NH); Gennady Stolyarov (NV); Matt Walsh (OH); TK Keen (OR); Michael McKenney (PA); Beth Vollucci (RI); Andreea Savu (SC); Nicole Elliott (TX); Jessica Baggarley and Eric Lowe (VA); Mary Block and Rosemary Raszka (VT); and Timothy Cornelius (WI).

1. Adopted its Oct. 29, Sept. 26, and Summer National Meeting Minutes

Lapham stated that the Working Group met Oct. 29 and Sept. 26. During its Oct. 29 meeting, the Working Group discussed goals for a third-party regulatory framework and plans of action. During its Sept. 26 e-vote, the Working Group adopted third-party working definitions.

The Working Group also met Sept. 25 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, to discuss third-party definitions and the potential framework.

McKenney made a motion, seconded by Schulz, to adopt the Working Group's Oct. 29 (Attachment Four-A), Sept. 26 (Attachment Four-B), and Aug. 13 (*see NAIC Proceedings – Summer 2025, Innovation, Cybersecurity, and Technology (H) Committee, Attachment Three)* minutes. The motion passed unanimously.

2. Exposed the Risk-Based Third-Party Data and Models Regulatory Framework

Lapham stated that following the Working Group's Sept. 25 regulator-to-regulator discussion and Oct. 29 open meeting, a small drafting group consisting of regulators from Colorado, Florida, Iowa, Pennsylvania, and Vermont was assembled. That group produced the first draft of the Risk-Based Third-Party Data and Models Regulatory Framework, which was distributed for this meeting. As with any new proposed product developed at the NAIC, Lapham said he expects healthy debate and discussion about this draft framework and anticipates numerous opportunities for comment, both written and oral, throughout much of 2026.

Lapham then summarized the framework. He stated that the framework would apply across all lines of business (e.g., property/casualty [P/C], health, life, etc.) and require third parties to register with the state if they meet the definition of a third-party data and model vendor and their data and model are to be used in an insurer's functions with direct consumer impact. To receive registered status, the third party would provide information about their governance program and agree to provide regulators with access to their data and models. Third parties would be afforded state confidentiality or trade secret status in the same way states apply their laws to insurers. In addition to registration, states may utilize a discretionary filing process if they wish to receive filings of data and models.

At its core, this framework aims to achieve two things: 1) ensure regulators have timely access to third-party data and models; and 2) confirm that third parties maintain strong governance practices to protect insurers and consumers.

Considering proportionality, Lapham said the framework was built with balance in mind. Instead of a full licensure process (which involves extensive reporting and periodic examinations), the drafting group proposed a registration process. This approach gives regulators the information they need while not requiring a third party to become a licensed entity in each state. Also, the framework's scope is proposed to be limited to insurance functions that directly impact consumers. For now, that includes pricing, underwriting, claims, utilization reviews, marketing, and fraud detection. This list may evolve, especially as the group aligns its work with the Big Data and Artificial Intelligence (H) Working Group's definition of core operations.

Lapham explained how registration would work. He stated that vendors would register, share details about their governance programs, and agree to provide regulators with access to relevant data and models. Once governance was approved, the vendor would be officially registered by the state. From that point, insurers can use those models and data in the specific insurance company functions, unless a specific model or dataset is disapproved. For operations without direct consumer impact, existing insurer requirements apply as usual, and this framework would not apply.

Lapham stated that the governance standards are outlined in the framework and would be developed over time. The proposal currently says the following would be provided for models: documentation of purpose, assumptions, inputs, limitations, performance metrics, and validation processes. The following would be provided for data: accuracy, completeness, timeliness, representativeness, auditable lineage, and quality controls.

In addition to the governance requirements, the framework also includes a discretionary filing mechanism so regulators can request information when needed about data or models, without reviewing every dataset or model.

Lapham emphasized that insurers remain fully responsible for compliance. Registration of third parties would not relieve insurers of obligations. Insurers must validate model suitability, secure contractual access to necessary information, and meet all rating, underwriting, and other requirements—even when using third-party tools.

McKenney noted that Wanchin Chou (CT) recommended that a due date, perhaps the same due date as the financial statement, be placed on the requirements for an annual attestation.

Interested parties said the emphasis on governance is appropriate and it might be helpful to consider the following: 1) recognition by other states after one state has gone through the entire registration and approval process, for efficiency sake, recognizing that states would continue to exert their full regulatory authority; 2) states need the expertise to review models and states without expertise could defer to those states with expertise; 3) definitions are needed, including what "fairness" means in governance and what a "marketing model" is; 4) a third-party auditor concept; 5) how to ease the burden for small start-ups and to keep costs low such as with a single point of registration filing; 6) more explanation about what regulators want to see with data (e.g., whether it is raw data that may have privacy concerns); and 7) whether regulators need the scope to include more than rating and underwriting and apply to more than homeowners and personal auto.

McKenney said some third parties sell data but not models. He said there may be a need for regulators to look at that data and understand the accuracy and governance.

Cornelius made a motion, seconded by Trexler, to expose the Risk-Based Third-Party Data and Model Regulatory Framework for a 60-day public comment period ending Feb. 6, 2026. Block asked parties to suggest paths forward rather than just red-lined changes to the document, especially regarding efficiency and all states' registration collaboration.

Having no further business, the Third-Party Data and Models (H) Working Group adjourned.

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