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Adopted by Executive (EX) Committee and Plenary, ____ __, 2024

Adopted by the Innovation, Cybersecurity, and Technology (H) Committee, ____ __, 2024

2025 Proposed Charges

INNOVATION, CYBERSECURITY, AND TECHNOLOGY (H) COMMITTEE

The mission of the Innovation, Cybersecurity, and Technology (H) Committee is to: 1) provide a forum for state insurance regulators to learn about and have discussions regarding: cybersecurity, innovation, data security and privacy protections, and emerging technology issues; 2) monitor developments in these areas that affect the state insurance regulatory framework; 3) maintain an understanding of evolving practices and use of innovation technologies by insurers and producers in respective lines of business; 4) coordinate NAIC efforts regarding innovation, cybersecurity and privacy, and technology across other committees; and 5) make recommendations and develop regulatory, statutory, or guidance updates, as appropriate.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Innovation, Cybersecurity, and Technology (H) Committee** will:

- A. Provide forums, resources and materials related to developments and emerging issues in innovation, cybersecurity, data privacy, and the uses of technology in the insurance industry in order to educate state insurance regulators on these developments and how they affect consumer protection, insurer and producer oversight, marketplace dynamics, and the state-based insurance regulatory framework.
- B. Consider and coordinate the development of regulatory guidance and examination standards related to innovation, cybersecurity, data privacy, the use of big data and artificial intelligence (AI) including machine learning (ML) in the business of insurance, and technology, including drafting and revising model laws, white papers, and other recommendations as appropriate.
- C. [Oversee the work of the Data Call Study Group to study the enhancement of regulator access to high-quality and timely data allowing for evidence-informed decisions, enhanced supervisory capabilities, and improved efficiency.](#)
- D. Track the implementation of and issues related to all model laws pertaining to innovation, technology, data privacy, and cybersecurity, including the *Insurance Data Security Model Law* (#668), the *NAIC Insurance Information and Privacy Protection Model Act* (#670), the *Privacy of Consumer Financial and Health Information Regulation* (#672), and the *Unfair Trade Practices Act* (#880) rebating language and providing assistance to state insurance regulators as needed.
- E. Coordinate and facilitate collaboration with and among other NAIC committees and task forces to promote consistency and efficiency in the development of regulatory policy, education, training, and enforcement materials and tools related to innovation; cybersecurity; data privacy; and the use of technologies, big data, and artificial intelligence (AI), including machine learning (ML), in the business of insurance. Evaluate and recommend certifications, continuing education (CE), and training for regulatory staff related to technology, innovation, cybersecurity, and data privacy.
- F. Follow the work of federal, state, and international governmental bodies to avoid conflicting standards and practices.

2. The **Third-Party Data and Models (H) Task Force** will:
 - A. Develop and propose a framework for the regulatory oversight of third-party data and predictive models.
 - B. Monitor and report on state, federal, and international activities related to governmental oversight and regulation of third-party data and model vendors and their products and services. Provide recommendations to the Innovation, Cybersecurity, and Technology (H) Committee regarding responses to such activities.

3. The **Big Data and Artificial Intelligence (H) Working Group** will:
 - A. Research the use of big data and AI (including ML) in the business of insurance. Proactively communicate findings, and present recommendations to the Innovation, Cybersecurity, and Technology (H) Committee.
 - B. Monitor state, federal, and international activities on AI, including working with the Innovation, Cybersecurity, and Technology (H) Committee to: 1) respond to such activities, where appropriate, and 2) address potential impacts on existing state insurance laws or regulations.
 - C. Facilitate discussion to consider updates to the regulatory framework for the oversight of the use of AI by insured entities. Provide recommendations to the Innovation, Cybersecurity, and Technology (H) Committee in response to such activities.
 - a. Monitor and support adoption of the *Model Bulletin on the Use of Artificial Intelligence Systems by Insurers*.
 - b. Monitor and report on state, federal, and international activities related to governmental oversight and regulation of the use of AI in insurance and non-insurance industries.
 - c. Research, identify, and monitor the impacts of the use of AI systems by insurance companies to understand the potential benefits, value propositions, risks, and adverse consumer outcomes related to the use of AI systems.
 - D. Facilitate discussion related to AI systems evaluation including:
 - i. Identifying existing tools, resources, materials, and training that will assist and guide regulators in their review of AI systems used by licensees, including an insurer's AI program. This includes establishing a coordinated work plan and timeline for further development of those resources.
 - ii. Develop new regulatory tools or regulatory guidance to assist regulators in their review of AI systems used by licensees, including an insurer's AI program.
 - iii. Coordinate the development of review and enforcement tools, resources, guidelines, and training related to AI systems for regulators across the NAIC.
 - E. ~~Oversee the work of the Data Call Study Group as they work with the public to improve existing data processes while addressing data needs across insurance lines of business.~~
 - F. Facilitate and coordinate foundational and contextual educational content for regulators on topics related to the use of big data and AI techniques, tools and systems in the insurance industry.

4. The **Cybersecurity (H) Working Group** will:

Cybersecurity Charges

 - A. Monitor cybersecurity trends such as vulnerabilities, risk management, governance practices, and breaches with the potential to affect the insurance industry.
 - B. Facilitate communication across state insurance departments regarding cybersecurity risks and events.
 - C. Develop and maintain regulatory cybersecurity response guidance to assist state insurance regulators in the investigation of national insurance cyber events.
 - D. Monitor federal and international activities on cybersecurity engaging in efforts to manage and evaluate cybersecurity risk.
 - E. Coordinate NAIC committee cybersecurity work, including cybersecurity guidance developed by the Market Conduct Examination Guidelines (D) Working Group and the Information Technology (IT) Examination (E) Working Group.

- F. Advise NAIC staff on the development of cybersecurity training for state insurance regulators.
- G. Work with the Center for Insurance Policy and Research (CIPR) to receive updates on cybersecurity research efforts, by the CIPR and others, and to analyze publicly available cybersecurity-related information.
- H. Support the states with implementation efforts related to the adoption of the *Insurance Data Security Model Law* (#668).
- I. Coordinate with NAIC staff to facilitate intelligence-driven cybersecurity tabletop exercises with states departments of insurance (DOIs) providing input on scope and timing as necessary.

Cyber Insurance Charges

- A. Monitor industry trends pertaining to cyber insurance, including meeting with subject matter experts (SMEs) and evaluating data needs of state insurance regulators. Considerations should include the availability and affordability/pricing of cyber insurance, disclosures, limits and sub-limits in policies, policy language and trends in requirements, underwriting practices, and the role of reinsurance in the cyber insurance market.
 - B. Coordinate with NAIC work groups addressing cyber insurance related issues, such as the Casualty Actuarial and Statistical (C) Task Force.
 - C. Monitor federal and international activities related to cyber insurance and financing mechanisms for cyber risk.
 - D. Coordinate with NAIC staff to conduct analysis pursuant to the NAIC's Cyber Insurance Report. Review the NAIC's *Property & Casualty Annual Statement Cybersecurity and Identity Theft Supplement* recommending changes and/or developing reports to supplement data development as necessary. Consider and develop a guide for states on cyber insurance data analysis best practices.
5. The **Privacy Protections (H) Working Group** will:
- A. Use state insurance privacy protections regarding the collection, data ownership and use rights, and disclosure of information gathered in connection with insurance transactions to draft a new/revised Privacy Protections Model Act to replace/update NAIC models such as Model #670 and/or Model #672.
 - B. Monitor state, federal, and international activities on privacy, engaging in efforts to manage and evaluate privacy.
6. The **SupTech/GovTech Roundtable-Subgroup** will:
- A. Facilitate technology, innovation, and SupTech/GovTech presentations from leading technology companies for state insurance regulators to provide them with insights into cutting-edge technology and innovation.
 - B. Facilitate technology, innovation, and SupTech/GovTech presentations from specialized vendors for state insurance regulators to assist in identifying vendor solutions that may benefit regulators.

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