INNOVATION AND TECHNOLOGY (EX) TASK FORCE

Innovation and Technology (EX) Task Force April 9, 2021, Minutes
    Big Data and Artificial Intelligence (EX) Task Force March 29, 2021, Minutes (Attachment One)
    Speed to Market (EX) Working Group March 10, 2021, Minutes (Attachment Two)
    Request for Information (RFI) – Spring Follow-up Summary Related to Continuing Specific "Regulatory Relief" or
    "Regulatory Accommodations" Offered by States Related to the COVID-19 Pandemic (Attachment Three)

W:\National Meetings\2021\Spring\TF\Innovation_Final Minutes\contents.docx

Draft: 4/19/21

Innovation and Technology (EX) Task Force
Virtual 2021 Spring National Meeting
April 9, 2021

The Innovation and Technology (EX) Task Force met April 9, 2021. The following Task Force members participated: Jon Godfread, Chair, and Chris Aufenthie (ND); Elizabeth Kelleher Dwyer, Vice Chair, and Matt Gendron (RI); Lori K. Wing-Heier, Anna Latham and Chris Murray (AK); Jim L. Ridling represented by Dan Gates, Gina Hunt and Jimmy Gunn (AL); Alan McClain represented by Letty Hardee (AR); Peni Itula Sapini Teo represented by Elizabeth Perri (AS); Evan G. Daniels represented by Tom Zuppan (AZ); Ricardo Lara represented by Ken Allen and Lucy Jabourian (CA); Michael Conway represented by Peg Brown and Eric Unger (CO); Andrew N. Mais and George Bradner (CT); Trinidad Navarro represented by Tim Li (DE); David Altmaier (FL); Colin M. Hayashida represented by Martha Im and Kathleen Nakasone (HI); Doug Ommen and Travis Grassel (IA); Dean L. Cameron and Weston Trexler (ID); Dana Popish Severinghaus and C.J. Metcalf (IL); Stephen W. Robertson represented by Karl Knable (IN); Vicki Schmidt and LeAnn Crow (KS); Sharon P. Clark (KY); James J. Donelon represented by Rich Piazza and Tom Travis (LA); Gary D. Anderson and Rachel M. Davison (MA); Kathleen A. Birrane (MD); Eric A. Cioppa (ME); Anita G. Fox represented by Karen Dennis (MI); Grace Arnold, Tammy Lohmann and Phil Vigliaturo (MN); Chlora Lindley-Myers and Cynthia Amann (MO); Mike Chaney and Andy Case (MS); Troy Downing represented by Bob Biskupiak (MT); Mike Causey represented by Tracy Biehn (NC); Bruce R. Ramge and Martin Swanson (NE); Chris Nicolopoulos represented by David Bettencourt and Christian Citarella (NH); Marlene Caride represented by Randall Currier (NJ); Russel Toal, Leatrice Geckler and Anna Krylova (NM); Barbara D. Richardson and Gennady Stolyarov (NV); Judith L. French represented by Lori Barron (OH); Glen Mulready (OK); Andrew R. Stolfi and TK Keen (OR); Jessica K. Altman, Michael Humphreys and Michael McKenney (PA); Raymond G. Farmer and Michael Wise (SC); Larry D. Deiter and Maggie Dell (SD); Carter Lawrence represented by David Combs, Bill Huddleston and Patrick Merkel (TN); Doug Slape (TX); Jonathan T. Pike (UT); Scott A. White, Vicki Ayers and Rebecca Nichols (VA); Michael S. Pieciak represented by Rosemary Raszka (VT); Mike Kreidler represented by Molly Nollette (WA); Mark Afable, Nathan Houdek and Timothy Cornelius (WI); and James A. Dodrill and Joylynn Fix (WV).

1. <u>Adopted its 2020 Fall National Meeting Minutes</u>

Superintendent Toal made a motion, seconded by Ms. Biehn, to adopt the Task Force's Dec. 4, 2020, minutes (*see NAIC Proceedings – Fall 2020, Innovation and Technology (EX) Task Force*). The motion passed unanimously.

2. <u>Adopted its Working Group Reports</u>

   a. <u>Big Data and Artificial Intelligence (EX) Working Group</u>

Commissioner Ommen gave the report of the Big Data and Artificial Intelligence (EX) Working Group. He said it held its first meeting March 29. During this meeting, the Working Group: 1) reviewed the key accomplishments of the Big Data (EX) Working Group and the Artificial Intelligence (EX) Working Group; 2) noted the merging of these working groups into the new Big Data and Artificial Intelligence (EX) Working Group; 3) reviewed its 2021 charges; and 4) focused on its charge to research where the industry is applying the use of big data, algorithms and artificial intelligence (AI), while simultaneously studying model governance structures.

Commissioner Ommen said the Working Group had a more in-depth discussion about developing an industry survey to research how insurance companies are using big data, algorithms and AI, while protecting the confidentiality of individual company practices. He said the Working Group agreed to limit the scope and the initial research, with the likely focus being on private passenger automobile insurance, and it directed a small group of subject matter experts (SMEs) to coordinate with NAIC staff to draft an industry survey for further review by the Working Group. He said Superintendent Dwyer and Commissioner Afable will lead that effort with SMEs from Illinois, Louisiana, Nevada, North Dakota, Pennsylvania, Rhode Island and Wisconsin.

Commissioner Ommen said the Working Group also heard a presentation introducing the components of a model governance framework based on other models, such as capital and catastrophe models, and how to minimize risks arising from models. He said the presentation explained the benefits of model governance and the key components, including oversight, controls and validation.

b. Speed to Market (EX) Working Group

Ms. Nichols gave the report from the Speed to Market (EX) Working Group. She said the Working Group met March 10 and discussed the results of the Product Requirements Locator (PRL) survey and next steps. She said this topic was part of a bigger study to determine what speed to market tools state insurance regulators find most useful. She said the results indicated that states fall into three categories. She said the first is a group of states who will have their PRL information removed as they are not using it and have no intention to going forward. She said the second group are states that are using the tool, and their support of it will continue until integration to System for Electronic Rate and Form Filing (SERFF) modernization is complete. She said the third group are undecided states, and the SERFF team will be reaching out to states based on the survey responses provided to gather additional information, as needed, to assist states using the PRL. She said it is unlikely that the PRL tool will be available beyond the completion of the SERFF modernization project, as the SERFF modernization project anticipates including ways for states to provide their filing requirements within SERFF, making it easier for states to keep their requirements up to date and satisfy the need for those requirements to be easily accessible to SERFF users.

Ms. Nichols said the Working Group received updates on SERFF, including recent and upcoming releases and projects and an update on the Interstate Insurance Product Regulation Commission (Compact). She said the Working Group discussed the annual review of the product coding matrix (PCM) and uniform transmittal document (UTD) suggestions, and proposed revisions or changes can be submitted at any time throughout the year. However, for suggestions to be considered to go in effect for next year, the deadline is May 31. Ms. Nichols said an alert will be sent out to remind users of that deadline, and a meeting set up to discuss those submissions will be arranged.

Commissioner Godfread asked if there were any questions regarding any of the Working Group reports. Hearing none, Commissioner Clark made a motion, seconded by Ms. Biehn, to adopt the following reports: 1) Big Data and Artificial Intelligence (EX) Working Group, including its March 29 minutes (Attachment One); and 2) Speed to Market (EX) Working Group, including its March 10 minutes (Attachment Two). The motion passed unanimously.

3. Received an Update on the Innovation and Technology State Contacts Activity

Denise Matthews (NAIC) provided a report from the Innovation and Technology State Contacts Roundtable meeting that was held April 1. She said the roundtable is led by Mr. Aufenthie and Mr. Bradner. She said 43 state insurance regulators from 35 states participated in the roundtable. During the meeting, the co-leaders solicited interest regarding helping to lead the group. Ms. Matthews said the agenda included a discussion on strategies for improving state insurance regulators' access to data from an insurer's perspective and a discussion related to parametric products led by a presentation from Commissioner Hayashida. She said other topics were on the agenda, but these two generated a lot of discussion, so they will be put on a future agenda. She said guests from Travelers and Hartford presented on the open Insurance Data Link (openIDL) solution and discussed the benefits and challenges associated with getting more carriers to participate. She said the presenters talked about the pandemic having slowed the process to gain more participation. She said Commissioner Hayashida gave a presentation on parametric insurance products, discussing the pros and cons and where it can be helpful in filling insurance coverage gaps. She said the state insurance regulators suggested that there may be a need to draft principles and standards or guidelines around these types of products, particularly in the area of transparency and the provision of clear information to consumers.

4. Discussed RFIs Related to Continuing Specific "Regulatory Relief" or "Regulatory Accommodations" Offered by States Related to the COVID-19 Pandemic

Commissioner Godfread reminded the members of the Task Force that a Request for Information (RFI) was sent to interested parties in 2020, asking for information related to specific "regulatory relief" or "regulatory accommodations" offered by states as a result of the COVID-19 pandemic, that they would recommend be continued or made permanent, related to innovation and technology. He said the RFI asked whether there was some type of regulatory relief or accommodation offered or if there continues to be a law, regulation, regulatory guidance or established practice in place that prohibits or limits insurers or producers from implementing or using newer technologies, data, methods or processes that is now necessary in order to continue to serve customers and maintain operations. He said the responses to that RFI were compiled into a summary presented during the 2020 Fall National Meeting, and they were grouped into four categories, including which organizations offered a similar or the same suggestion. He said those categories were:

- Electronic Commerce
- Regulatory Capabilities
- Claims Facilitation
- Items Specific to Surplus Lines

Commissioner Godfread said while most of the responses did not include the specific statutes or statutory language the American Council of Life Insurers (ACLI) recommended eliminating or revising, it did send a specific recommendation suggesting developing a bulletin or bulletins to address concerns related to existing issues with the state-by-state implementation of e-signature laws, including the Uniform Electronic Transactions Act (UETA) and existing obstacles to moving e-commerce forward. He said it was decided that more information is needed to move into specific actions, so another RFI was sent to the respondents of that initial RFI and a consumer representative, asking them to provide more specific information as to where the issues are more interpretative or lack a uniform interpretation, versus it being a legislative issue. He said the intention was to identify which should be a priority to address in 2021. He said a summary compilation of those responses (Attachment Three) are in the materials, showing that respondents prioritized e-commerce, including allowing for e-signatures, e-delivery of documentation and information, e-notary, and changing the paradigm from what is mostly an "opt-in" scenario today to an "opt-out," where getting and exchanging information electronically or digitally would be the default, with consumers having the ability to "opt-out" of that option. He said the ACLI and the American Property Casualty Insurance Association (APCIA) suggested forming a working group to survey states about UETA exceptions to begin work on any laws and regulations that need to be changed to accommodate this and work on interpretive guidance where legislation changes are not needed.

Commissioner Godfread said the second category represents regulatory capabilities and covers a list of items related to allowing online continuing education (CE) and training, allowing electronic filings for regulatory filings, and eliminating wet signature requirements. He said there were no specific action suggestions for this category, but deferring the education and training item to the Producer Licensing (D) Task Force may be appropriate. He said claims facilitation was a category of responses from the first RFI, but it did not appear to "make the cut" when this second group of respondents was prioritizing. He said the last category is specific to surplus lines, and a couple of the respondents noted that the Surplus Lines (C) Task Force is currently working to amend the *Nonadmitted Insurance Model Act* (#870), and it may be appropriate to defer this to it as a part of that work. He said an interested party noted that some of the areas to address include home state taxation, insurer eligibility, exempt commercial purchaser, and diligent search.

Commissioner Godfread said three respondents—the ACLI, the APCIA, and the Professional Insurance Agents (PIA)—indicated support for the drafting of a model bulletin to cover some of the non-legislative issues. He said while not included in the summary document, a letter from the Center of Economic Justice (CEJ) was received. He said the letter notes the successes in terms of the response to the pandemic to continue services to consumers, but it also notes a few problems around a lack of tools to oversee and monitor these sudden changes and digital interactions. He said it covers the issues related to risk exposure changes, such as in personal auto insurance and the impact of credit-based insurance scores, and a lack of regulatory data collection should be noted. A lack of clear guidance related to consumer-generated data and ownership and consent to use issues needs to be considered.

5.   Discussed an Approach to Drafting a Guidance Document/Bulletin

Commissioner Godfread said he heard several options for how to move forward with addressing these issues. He said he would be comfortable with a motion to look at creating a working group that would examine the issues identified; working on a bulletin; and referring specific issues, as appropriate, to the Producer Licensing (D) Task Force and the Surplus Lines (D) Task Force. Superintendent Dwyer made a motion, seconded by Commissioner Birrane, to form such a group. In response to a question in the chat, Commissioner Godfread said the group would be open to feedback, and regarding this topic, the Innovation and Technology (EX) Task Force has been very responsive to the stakeholders and would continue to be. He said whether it is a drafting, working or best practices group, that engagement will continue to be encouraged. The motion passed unanimously. Commissioner Godfread encouraged anyone interested in participating in the process to notify Ms. Matthews so it can get moving forward.

6.   Heard InsurTech Presentations

    a.   State Farm/USAA Auto Subrogation Blockchain Solution

Commissioner Godfread introduced the first presenters from State Farm and the United States Automobile Association (USAA), saying these two legacy carriers and competitors have joined forces to create something using blockchain technology that makes sense for consumers. It demonstrates how it can make them more efficient and minimize cost through the development of a subrogation blockchain solution. He said Beth Carter, the Director of P&C Claims Business Technology at State Farm, and Luke Harris, Assistant Vice President and Senior Experience Owner in USAA's Claims Organization, will present on this topic.

Ms. Carter said State Farm recognizes that the partnership with USAA on this blockchain solution is important to innovate and build for the future. She provided the background and history behind the project, and she said after extensive testing, it is now in full production and serving to settle claims between the companies using blockchain, representing the first of its kind. Mr. Harris said it provides data security and data control, as well as oversight and validation also leveraging Distributed Ledger Technology (DLT) to offer a secure and immutable record of transactions that can be validated and confirmed through consensus. He said there is no need to transmit Personally Identifiable Information (PII), and it removes a lot of cost from the process. Ms. Carter said it also makes processes more efficient and secure; eliminates manual steps, allowing them to get the deductible back to the consumer faster, reducing external disruptions with processing single check recoveries; and minimizes the amount of subrogation funds floating through the industry. Mr. Harris said State Farm and USAA have created something that can be adopted by the entire industry, and they are on a quest to bring in additional carriers to this platform, as the more that participate, the greater the benefit.

Commissioner Godfread said North Dakota is working on blockchain solutions, and he asked if there is anything state insurance regulators can do to encourage more companies to get involved. Mr. Harris said discussions like this are helpful, and providing forums to help and educate regarding this solution is beneficial.

b. <u>Trellis Connect</u>

Commissioner Godfread said Daniel Demetri, the Founder and Chief Executive Officer (CEO) of Trellis, will talk about what Trellis is, what it does, and the issue of consumer data ownership. Mr. Demetri said Trellis is a technology company in San Francisco operating nationally out of Arizona, Florida, Indiana, New York and Tennessee, offering in all 50 states and Washington, DC. He said it helps consumers navigate insurance as they move online using apps to allow their information to be shared with the advisor app they have selected. He said consumers need personalized insurance experiences online and digital experiences in the way they work with agents. He said Trellis provides consumers the ability to rely on and share data, allowing them to share their insurance information for many different purposes. He said it does not require any changes to producer licensing, and Trellis only allows licensed producers to get access to the information. He said state insurance regulators should determine what the parameters around this should be and what rights consumers should have to their insurance data in terms of who owns it and how they can access it. He said many insurers elect to block consumer access for security or competitive purposes, and he urged state insurance regulators to consider what the data access rights are in each state and how they translate to the online environment.

Commissioner Godfread said North Dakota took a run at this during the current legislative session, but it was unsuccessful. He said even so, this is interesting, important, and likely something the Innovation and Technology (EX) Task Force will need to consider.

c. <u>Vero</u>

Commissioner Godfread introduced the next presenter, Ali Safavi, Co-Founder and CEO of Vero. Mr. Safavi said the future of guidance and advice is exciting, and making insurance cheaper, faster, quicker, and with more focus on guiding and bringing the advice piece online is the goal of Vero. He said consumers need protection and guidance; risk is changing, and insurance products have traditionally been built around risks as opposed to people. He said Vero is investing in an AI risk and insurance advisor that would be unbiased with no incentive in terms of how the recommendation is given. He said it is holistic and automates making it easier to integrate online. He said it augments the agent channel, making products more affordable with better service and better risk management through risk mitigation. He said Vero is starting with the digitalization of the existing agent channel, but over time, it will likely move to full integration of agent and direct channels and then move to the consumer starting online with some human components. He demonstrated how the Vero product assists with this by providing a risk report and a recommendation based on a calculated protection score. He said the biggest challenge to being able to do this is not being able to get access to the consumer's information, as mentioned during Mr. Demetri's presentation. He said there are two big implications: 1) currently, state insurance regulators look at licensing as a way to protect consumers, ensuring that agents know what they are doing and know and understand the regulations; but Vero believes that if AI can provide guidance, present quotes, and do a better job than the agent—i.e., the agent is just doing marketing—the question would be if the licensing requirements need to be the same for that as for a traditional agent; and 2) while regulations can be a barrier, actually enforcing insurers through regulation to give better access to consumer data could boost innovation as opposed to being a barrier.

Ms. Jabourian asked how many and what the demographics were regarding the survey quoted. Mr. Safavi said it was in the thousands, but he would be happy to provide the actual report. Ms. Jabourian asked if Vero is licensed as a financial advisor, managing general agent (MGA), or something else in order to provide financial advice. Mr. Safavi said Vero is not providing financial advice at this time, but it does have both individual and company producer licenses. Ms. Jabourian asked what

information Vero is gathering to assess what additional coverage is needed and how much information a consumer must divulge to get a recommendation. Mr. Safavi said most agents do not have this type of data. He said the biggest factor is net worth, and Vero uses an actuarial model to determine risk, using data that agents do not have.

In responding to questions in the chat, Mr. Safavi said Vero has life, health and property/casualty (P/C) producer licenses, and while currently working on personal lines, small commercial will be next. He said Vero is proud of its Errors & Omissions risk product because that area has a lot of human error, and by automating it, it is much improved.

7. <u>Heard Updates from Committees and Working Groups</u>

Commissioner Godfread asked representatives from other committees whose charges involve related workstreams to those the Innovation and Technology (EX) Task Force is addressing to provide updates.

    a. <u>Special (EX) Committee on Race and Insurance</u>

Commissioner Mais said five workstreams have been set up and are working under the Special (EX) Committee on Race and Insurance to look at issues concerning race and insurance. He said the first two workstreams deal with diversity in the industry and the regulatory community, and the other three workstreams deal with issues of unfair treatment as it relates to the three major lines of business; i.e., life, health and P/C. He said each of the workstreams issued a draft report to the Special Committee, and the Special Committee has exposed a summary report that will be discussed during its April 12 meeting. He said generally, the exposed report currently calls for continued research and analysis of insurance legal and regulatory approaches to addressing unfair discrimination, specifically proxy discrimination and disparate impact, by defining the terms and determining appropriate steps to address, including: 1) the impact of traditional life insurance underwriting on minority populations; 2) considering the relationship between mortality risk and disparate impact; and 3) developing analytical and regulatory tools to assist state insurance regulators in determining unfair discrimination. He said the report also calls for enhanced data reporting and record-keeping requirements across product lines to identify race and other socio-demographic factors of insureds, and a data call may be considered to identify resources and products sold in specific zip codes to identify barriers to access. He said finally, the report calls for coordinating with existing groups, specifically the Big Data and Artificial Intelligence (EX) Working Group and the Casualty Actuarial and Statistical (C) Task Force, and encouraging the Casualty Actuarial and Statistical (C) Task Force to continue its work in predictive modeling, price algorithms and AI, with a particular focus on how race is affected.

    b. <u>Accelerated Underwriting (A) Working Group</u>

Commissioner Afable said the Accelerated Underwriting (A) Working Group last met March 19 in lieu of meeting at the Spring National Meeting. He said a drafting group made up of several state insurance regulators and led by Commissioner Arnold is coming up with a first draft of the Working Group's work product, and the Working Group has agreed to develop an educational report, the primary purpose of which is to offer guidance to state insurance regulators, industry, consumer advocates, and other stakeholders. He said the report will be narrowly focused on accelerated underwriting in life insurance and consider the work of other NAIC groups like the Innovation and Technology (EX) Task Force, the Big Data and Artificial Intelligence (EX) Working Group, the Casualty Actuarial and Statistical (C) Task Force, and the Privacy Protections (D) Working Group, and a draft outline of the report has been circulated. The outline includes three major issues as they relate to accelerated underwriting in life insurance: 1) input data; 2) algorithms and machine learning; and 3) transparency and privacy.

    c. <u>Property and Casualty Insurance (C) Committee</u>

Commissioner Schmidt said the Property and Casualty Insurance (C) Committee will be involved with issues related to the Special (EX) Committee on Race and Insurance. She said it appears that the charges being discussed will stay with the Special Committee and not be referred to the Property and Casualty Insurance (C) Committee. She said there is a charge to look at the development of analytical and state insurance regulator tools to assist in determining unfair discrimination, specifically the use of socio-economic variables and identifying proxy variables for race; correlation versus causation; disparate impact considerations; the use of third parties; and the appropriate use of certain data, such as criminal history information. She said to expect that the first step after new charges are adopted will be convening chairs and vice chairs of the various committees to come up with a workplan, identifying the right people to work on them and ensuring that there is no duplication of work as relevant terms and processes are defined.

       d.   <u>Privacy Protections (D) Working Group</u>

Ms. Amann said the Privacy Protections (D) Working Group is looking at the overlap between cybersecurity and data protection. She said they are interrelated but two completely different issues. Other major issues continuing to develop is the ownership of data. Ms. Amaan said concerns about data privacy protections, as well as ownership and opting in and opting out, continue to be topics the Working Group is looking at. She said the Working Group received a report from NAIC staff on federal and state privacy legislation. She said the federal report indicated that the U.S. Congress (Congress) believes there is a need for federal data privacy legislation, but differences in approaches have thwarted efforts to enact comprehensive legislation thus far. The key points of contention include: 1) whether, and to what extent, federal legislation should preempt state laws; and 2) whether the legislation should include a private right of action. Ms. Amann said the NAIC continues to engage with Congress, oppose preemptive legislative proposals, and inform Congress of the Working Group's efforts to update NAIC models. She said the NAIC continues to underscore the importance of not disregarding the existing state regulatory framework or inhibiting ongoing efforts in the states to develop laws and regulations in the best interest of insurance consumers.

Ms. Amann said the state report indicated that at least 30 states have introduced some form of data privacy legislation in 2020. Most of them were comprehensive and similar to the California Consumer Privacy Act (CCPA), but very few of them were enacted due to the COVID-19 disruption of legislative sessions. Ms. Amaan said the Working Group continues to monitor this area. She said privacy bills have been introduced in 23 states that focus on business obligations stemming from consumer rights, but they vary in substance. Many of these bills apply to for-profit businesses, but all are over the board. She said no template has emerged yet, but some common issues have, such as: 1) a requirement that covered entities perform a risk assessment; 2) providing a private right of action; 3) addressing data security and data privacy; 4) resembling the General Data Protection Regulation (GDPR); and 5) exempting data collected in compliance with the Gramm-Leach-Bliley Act (GLBA), as well as entities subject to the GLBA.

Ms. Amann said the Working Group discussed comments received after the Working Group's Nov. 20, 2020, meeting in lieu of the 2020 Fall National Meeting. She said there was a verbal gap analysis from the ACLI, the Coalition of Health Carriers, the National Association of Mutual Insurance Companies (NAMIC), and the APCIA. She said the Working Group announced the consumer privacy protections panel scheduled for the virtual NAIC Insurance Summit in June. She noted that this is an ever-changing topic for the Working Group as the development of the cyber and data ownership issues have shown, and the Working Group will be reaching out to coordinate with other committees on these topics.

8.   <u>Discussed Other Matters</u>

Commissioner Godfread said the two agenda items the Innovation and Technology (EX) Task Force was unable to cover today, the discussion on consumer data ownership issues and potential guidance and the NAIC report on the Predictive Model Review Process, will be included in the agenda for the next meeting of the Task Force. He said the "Coded Bias" event hosted by the NAIC was an outstanding event, and he said it is an important film to see. He said 900 registered for the event, and 550 tuned in for the panel. He said it was a great panel session, and there was so much interest that there will be a follow-up of some kind to cover all the outstanding questions submitted. He said exactly what that will be has not yet been determined, but he said to stay tuned and any suggestions should be sent to himself or Ms. Matthews.

Having no further business, the Innovation and Technology (EX) Task Force adjourned.

W:\National Meetings\2021\Spring\TF\Innovation_Final Minutes\04.09ITTF_minutes_Final.docx

Draft Pending Adoption

Draft: 4/21/21

Big Data and Artificial Intelligence (EX) Working Group
Virtual Meeting (*in lieu of meeting at the 2021 Spring National Meeting*)
March 29, 2021

The Big Data and Artificial Intelligence (EX) Working Group met March 29, 2021. The following Working Group members participated: Doug Ommen, Chair, and Travis Grassel (IA); Elizabeth Keller Dwyer, Co-Vice Chair (RI); Mark Afable, Co-Vice Chair (WI); Katie Hegland (AK); Daniel Davis (AL); Ken Allen (CA); Peg Brown (CO); Andrew N. Mais, George Bradner and Wanchin Chou (CT); Frank Pyle (DE); Rebecca Smid (FL); Judy Mottar (IL); Satish Akula (KY); Tom Travis (LA); Kathleen A. Birrane (MD); Benjamin Yardley (ME); Matthew Vatter and Phil Vigliaturo (MN); Cynthia Amann (MO); Kathy Shortt (NC); Chris Aufenthie (ND); Christian Citarella (NH); Barbara D. Richardson and Gennady Stolyarov (NV); Lori Barron (OH); Eli Snowbarger (OK); Shannen Logue and Mike McKenney (PA); Michael Wise (SC); David Combs (TN); J'ne Byckovski and Rachel Cloyd (TX); Kathy Stajduhar (UT); Eric Lowe (VA); Christina Rouleau (VT); and Eric Slavich and John Haworth (WA).

1. Reviewed Prior Work of the Big Data (EX) Working Group and the Artificial Intelligence (EX) Working Group and its 2021 Charges

Commissioner Ommen said the Big Data (EX) Working Group and the Artificial Intelligence (EX) Working Group have been merged to form the Big Data and Artificial Intelligence (EX) Working Group. He provided an overview of the prior work of the Big Data (EX) Working Group and the Artificial Intelligence (EX) Working Group.

In 2018, Commissioner Ommen said the Big Data (EX) Working Group received a presentation from LIMRA on the use of data for the underwriting of life insurance products, and it was followed by the efforts of the Casualty Actuarial and Statistical (C) Task Force, which was developing guidance on best practices for the review of predictive models. He said the Big Data (EX) Working Group's discussions on accelerated underwriting led to the appointment of an Accelerated Underwriting (A) Working Group. He said the NAIC moved forward with training in 2019, as recommended and encouraged by the Big Data (EX) Working Group. This training focused on rate filings using complex algorithms, and it included technical training for actuaries and non-technical training for rate filing reviewers. Commissioner Ommen said the Big Data (EX) Working Group discussed the use of data in fraud detection and claim settlements, which included two presentations from the Insurance Services Office (ISO) and a presentation from the National Insurance Crime Bureau (NICB). He said the Working Group discussed whether state insurance regulators have the appropriate regulatory authority under existing unfair trade laws and unfair claims settlement regulations to address marketplace practices. He said the NAIC, at the urging of the Big Data (EX) Working Group, implemented technical services in 2020 to assist state insurance regulators in the review of property/casualty (P/C) rate models.

Commissioner Ommen said the Artificial Intelligence (EX) Working Group was appointed in 2019, and it developed and approved Artificial Intelligence (AI) Principles for the insurance industry. The NAIC's AI Principles outline five key tenets for AI actors, summarized with the acronym FACTS: Fair and ethical, Accountability, Compliance with existing laws, Transparency for consumers, and Safe and secure data systems. Commissioner Ommen said another important work product came from the Innovation and Technology (EX) Task Force, which adopted revisions to the NAIC's *Unfair Trade Practices Act* (#880). These revisions clarify that value-add products and services using new technology are not considered rebates if the service or value-add product relates to risk being underwritten and primarily designed to provide loss mitigation or loss control or reduce claim settlement costs.

Commissioner Ommen said the charges of the new Big Data and Artificial Intelligence (EX) Working Group will require the Working Group to adopt a problem-solving approach. The Working Group will need to take a deeper dive with more granular-level research of where the industry is applying the use of big data, algorithms, and AI. Commissioner Ommen said this work will be completed while simultaneously studying governance structures that could be considered as best practices and guidance to state insurance regulators seeking to understand how the industry should be managing risks associated with the use of big data and AI. He said the charges that will require the Working Group to develop and prioritize solutions and set deliverables, while recognizing an intermediate deliverable, will not necessarily finish the Working Group's charge.

Draft Pending Adoption

2.   <u>Discussed an Approach to Developing an Industry Survey for Research</u>

Commissioner Ommen said NAIC members have heard over the past two years public presentations on the use of big data and innovation. At the same time, he said he would receive requests from state insurance regulators to hear more about insurers' electronic data variables, algorithms, and use of AI. Because of this, he said he would like to get a more accurate and objective measure of what is happening. He said individual insurers have expressed a desire to share information, but there is reluctance to do so without assurances around protecting trade secrets and intellectual property.

Superintendent Dwyer suggested that the Working Group conduct an anonymized survey in a specific line of insurance with one lead state that can provide confidentiality protections. She said the Working Group is not trying to scrutinize any individual company's practices, but it is trying to understand broader market practices. Commissioner Afable said insurers are at different stages of using algorithms and models, and state insurance regulators need to understand how insurers are leveraging this technology. He agreed with the need to focus on a specific line of insurance, and he suggested that a small group of state insurance regulator subject matter experts (SMEs) work with NAIC staff to create an initial draft of a survey.

Mr. Vigliaturo said the survey should address insurers' use of third-party vendors and the use of models supplied by these vendors. Mr. Grassel suggested focusing on commercial and personal auto due to the large amount of data being collected for these lines of insurance. In response to Mr. Haworth's questions about the use of market conduct exam authority to collect information, Superintendent Dwyer said the Working Group would use this authority for the confidential collection of information, but it would not use this authority for market conduct enforcement or the issuance of a public market conduct report of a specific company. Mr. McKenney agreed with starting with commercial and personal auto, and he suggested looking into the use of telematics. Mr. Bradner suggested that the survey include the review of how data and algorithms are used for claims. Mr. Chou suggested that life and health underwriting might be a good line area of focus.

Mr. Vatter said the Working Group should coordinate with the Special (EX) Committee on Race and Insurance. Superintendent Dwyer said the Working Group will also coordinate with the Property and Casualty Insurance (C) Committee if the survey focused on automobile insurance. Commissioner Ommen said other groups may be informed by our research, and that is why the Working Group needs to narrow its focus and move quickly. Commissioner Afable said the Working Group would also coordinate with the Accelerated Underwriting (A) Working Group if more research is needed for life insurance.

Birny Birnbaum (Center for Economic Justice—CEJ) suggested that the Working Group focus on one line for P/C insurance and life insurance. He said the survey tool could be used for both lines of insurance, and a survey of life insurance would help inform the Accelerated Underwriting (A) Working Group. He said the survey should ask for data used, the source of data, algorithms used, and the application of use. He said the identification of third-party vendors is important. He said the survey should help identify what percentage of the marketplace is using a specific data element for a specific application, such as criminal history information.

John Lucker (Universal Fire and Casualty Insurance Company) said the survey should focus on models, algorithms and data sources. Mr. Lucker said the output of the models and algorithms is dependent on data, and the identification of third parties should include both data vendors and developers of algorithms.

Angela Gleason (American Property and Casualty Insurance Association—APCIA) said the APCIA would like to work with state insurance regulators, and confidentiality is very important. She said some insurers may not provide information from vendors because of confidentiality agreements with vendors.

Superintendent Dwyer suggested that a small group of state insurance regulator SMEs begin working on the survey for further review by the Working Group. Commissioner Ommen, Superintendent Dwyer and Commissioner Afable will lead this effort, and Commissioner Ommen suggested some state insurance regulators who are members of the Casualty Actuarial and Statistical (C) Task Force.

Draft Pending Adoption

3.   <u>Heard a Presentation on a Model Governance Framework</u>

In support of starting the Big Data and Artificial Intelligence (EX) Working Group's discussions on model governance for the use of big data and AI, Commissioner Ommen said Elisabetta Russo (NAIC), the NAIC's ERM Advisor and expert on model governance, will provide an overview of the components of a model governance framework.

Ms. Russo said the introduction of the Own Risk and Solvency Assessment (ORSA) requirements in 2012 for insurers and the expansion of the risk-based capital (RBC) formula to include catastrophe risks have brought capital models and catastrophe models onto the radar of state insurance regulators. She said these models are widely used to make important business decisions by insurers, and state insurance regulators have had to answer questions such as how the models are used, what risks are associated with the use of the models, whether state insurance regulators should examine the models, and if so, how this review should occur. She said the NAIC has been working with state insurance regulators, industry, and vendors in a collaborative manner for the past two years on answering these questions.

Ms. Russo said state insurance regulators have engaged with industry and vendors to understand the models, developed review procedures for state insurance regulators, tested these procedures by conducting model walk-throughs with industry and vendors on a voluntary basis, and trained state insurance regulators. She said the next step is to enhance the regulatory requirements, such as the *NAIC ORSA Guidance Manual*; operationalize the review procedures by incorporating them into the NAIC's financial analysis and financial examination handbooks; develop tools for state insurance regulators; and consider not just solvency implications, but also rating review implications.

Ms. Russo said insurers that use capital models and catastrophe models have developed model governance frameworks to help their use of these models. She said this includes minimizing risks arising from models, supporting the business use of model outputs, providing assurance on model outputs to boards of directors, and providing assurance on output and use to the state insurance regulators. She said the models need to run for some time before a robust model governance framework can be in place.

Ms. Russo said AI models are new compared to other models. She said it is important to start with the anatomy of the model. There is an input, calculation engine and output. Ms. Russo said there are also business drivers and key risks, and state insurance regulators should start by reviewing these steps and risks to understand how a model works. She said state insurance regulators need to understand the key risks, which include the model risk, data risk, third-party risk, technology risk, compliance risk, and business process risk. She said state insurance regulators can then determine the appropriate oversight once the risks are understood.

Ms. Russo suggested starting with model oversight and controls and leaving validation for later when models are more mature and documented. She also suggested developing baseline requirements for the following model components: the input, the calculation engine and output. She suggested organizing the set or principles, such as the AI Principles adopted in August 2020, under baseline requirements for each component. She said the Working Group should leverage existing model governance practices and then tailor a model governance framework for big data and AI models to reflect the risks that are unique.

Mr. Birnbaum said there is a difference between financial models for prudential supervision and consumer-facing models. He said consumer-facing models should be tested against marketplace outcomes, and suggested model governance may not lead to desired consumer outcomes. He said while financial models are required by state insurance regulators, consumer-facing models are used for a variety of reasons and at the discretion of insurers. He said financial model governance has practices that can be transferred to consumer-facing models, but model governance will be different for consumer-facing models.

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

W:\National Meetings\2021\Spring\TF\Innovation_Working_Groups\Big Data_Artificial Intelligence\0329BDAI Minutes Final.docx

Draft: 4/19/21

<div align="center">
Speed to Market (EX) Working Group
Virtual Meeting
March 10, 2021
</div>

The Speed to Market (EX) Working Group of the Innovation and Technology (EX) Task Force met March 10, 2021. The following Working Group members participated: Rebecca Nichols, Chair (VA); Maureen Motter, Vice Chair (OH); Katie Hegland (AK); Jimmy Gunn (AL); Jimmy Harris (AR); Frank Pyle (DE); Heather Droge (KS); Jo LeDuc (MO); Tammy Lohmann (MN); Garlinda Taylor (NC); Chris Aufenthie (ND); Russell Toal (NM); Cuc Nguyen (OK); Mark Worman (TX); Tanji J. Northrup (UT); Lichiou Lee (WA); and Barry Haney (WI).

1. Adopted its Nov. 10, 2020, Minutes

The Working Group met Nov. 10, 2020, and took the following action: 1) adopted its Sept. 29, 2020, minutes; 2) discussed the Product Requirement Locator (PRL) tool; and 3) discussed communications plans for speed to market tools.

Ms. Droge made a motion, seconded by Mr. Toal, to adopt the Working Group's Nov. 10, 2020, minutes (see NAIC Proceedings – Fall 2020, Innovation and Technology (EX) Task Force, Attachment Two). The motion passed unanimously.

2. Received an Update from the Compact

Susan Ezalarab (Interstate Insurance Product Regulation Commission—Compact) stated the full Compact plans to meet on March 23 to consider amendments to five uniform standards to change the definition of the "non-forfeiture rate" to follow state law, which relates to the recent model adoption by the NAIC. The Compact will also be considering amended standards for waiver of premium, waiver of monthly deductions and a new standard for waiver of surrender charges when the insured under a life insurance policy meets certain benefit triggers. She noted the Compact also established a governance committee to review recommendations resulting from a governance review and some business assessment reports. In addition, the committee will review questions raised by a Colorado Supreme Court case to determine if there needs to be changes to the Compact structure and processes that would provide more flexibility for states to deal with any conflicts between their state laws and the uniform standards of the Compact. The most active committee is the Product Standards Committee (PSC), and it is working on amendments to the minimum non-forfeiture law uniform standards. The PSC is also considering a request from South Carolina to amend the long-term care (LTC) uniform standards for rate review. She noted the PSC is also reviewing comments on group term life insurance standards as part of the five-year review process and that all uniform standards are reviewed every five years if updates are needed.

Ms. Ezalarab noted that meeting summaries are posted to the Compact website and that all state insurance regulator members can attend and participate in any of the committee meetings. She stated another active committee is the Rule Making Committee, which has held two public meetings to gather information about how states approve non-employer group types. The group standards in the Compact right now only apply to employer groups, and there has been a request to expand that to non-employer groups, such as associations and similar groups. The Committee will decide whether to recommend expanding the uniform standards to accommodate for non-employer groups.

3. Discussed the Results of the PRL Survey and Next Steps

Ms. Nichols stated earlier discussions regarding the PRL tool last year resulted in a survey being generated to get feedback from the states that have previously populated the PRL. The portable document format (PDF) version of these results was emailed with the meeting invitation and is also posted to the Speed to Market (EX) Working Group web page. She noted the responses showed that while several states that still find the PRL to be a valuable tool for their state, most states are not using the tool. Based on the survey feedback, the states' responses fall into one of three categories regarding the PRL right now: 1) the states that will have the PRL information removed since they are not using it and do not plan to; 2) the states that are using it and their support for the PRL tool will continue until integration to the System for Electronic Rate and Form Filing (SERFF) modernization is complete; and 3) the states that are undecided. She stated the SERFF team will be reaching out to the undecided states to assist them in determining the best way to proceed until the SERFF modernization project is complete. The SERFF team will also be working with any states that are currently using the PRL to make sure the assistance they need in transitioning from using it is provided.

Ms. Nichols stated that as SERFF continues to evolve, some of the speed to market tools will also evolve. With that in mind, even if the Working Group takes no action to discontinue the PRL at this time, it is unlikely that the PRL will be a permanent tool and equally unlikely that it will be available beyond the completion of the SERFF modernization project. She noted it is more likely that the SERFF modernization project will include ways for states to provide their filing requirements in SERFF, making it easier for states to keep their requirements up to date and to satisfy the need for the requirements to be easily accessible to SERFF users. The timeline for transitioning out of PRL use and into SERFF use is still unknown, but it looks like for the states still using the PRL, it is a couple of years down the road. Ms. Nichols reiterated that assistance will be provided to those states when the time comes to make the transition.

Mr. Toal stated that as a member of the SERFF team, he agrees with what has been stated on this topic and that he thinks the timeline for the new SERFF capabilities is a year and a half or so. Ms. Motter stated that in the interim, between now and when the SERFF modernization project is complete, by cleaning out the obsolete or incorrect information currently in the PRL for some states, it will make it a better tool for the industry to use for the states that do have current information in the PRL.

4. Received an Update on SERFF

Brandy Woltkamp (NAIC) stated the SERFF development team has been busy working on recent updates. Release number 7.54 was put into production on Nov. 5, 2021. This release completed the third phase of the billing project, and the updates included the ability for the NAIC transaction fees to be paid upon on submission with a new payment method of credit card if the instance is enabled for those credit card payments. The release also included a label change for all life, accident and health (A&H), annuity and credit filings from implementation date to effective date, which was at the direction of this Working Group.

Ms. Woltkamp stated the next release was 7.55, which went into production on Jan. 21, 2021. This release completed the final phase of the billing redesign work, which is moving all customers to pay NAIC transaction fees at submission with automated clearing house (ACH) debit, electronic funds transfer (EFT) or credit card, along with the previous release. The 7.55 release will go into place for any instance that does not have existing filing block units; if a filing block unit is in place, they would not be transitioned to paying at submission until the units have been fully used or they expire, at which time the instance will automatically be transitioned over to EFT or credit card. She noted two other enhancements and fixes included in the 7.55 release: 1) a hyperlink for the SERFF tracking number on the Form Schedule and the Rate/Rule schedule; and 2) hyperlinking was added to the form number on the Form Schedule. Those enhancements were completed on property/casualty (P/C) filings only because those enhancements were already completed on life, A&H, annuity, and credit filings.

Ms. Woltkamp stated the latest release is SERFF 7.56, which was released March 4, 2021. The first component revised the industry to an application programming interface (API) service. She encouraged anyone interested in the API service to reach out to the SERFF team. Additional updates in this release included the new state report, which was also at the direction of this Working Group; the State Rate Data report is available to all state users on the reports tab. Ms. Woltkamp noted another enhancement included is the ability for each user to set his or her own landing page upon initial log in, or the landing page when switching instances; an alert was sent out regarding the release that provided information on how to do that.

Ms. Woltkamp noted an upcoming project for this year is the Plan Management Project. This project involves working with the federal Centers for Medicare & Medicaid Services (CMS) to consolidate processes to make things easier for issuers, states and NAIC support staff. It will consist of two pieces: 1) federal reporting for state-based marketplaces (SBMs); and 2) the transfer of specific documents contained on rate filings. The first piece of work is on the specific pieces of information for SBMs that are submitted in the financial management (FM) data report and public use file (PUF) processes; these are processes where data was collected in the back end, or they had a slight administrative report and were sent over to the CMS in a bulk process. This process will be updated so that any state that is an SBM in SERFF will have a new view that will allow it to submit the template information on certified plans over to the CMS. The work is almost completed, and it is anticipated that this will be the federal reporting process for plan year 2022. The second half of the plan management process is a new process that will take place this year, which is working with the Unified Rate Review template (URRT). Specific templates are not currently submitted on binders but are submitted on rate filings; a new validation and transfer process for the template will be developed with CMS on rate filings. Upon submission, whether it is a filing submission, amendment letter or a response letter, any updates to the URRT and additional supporting items, such as the actuarial justification or the consumer justification narrative, will automatically be sent to CMS. This will delete a duplicate process for issuers and will be more seamless. This new process will be in place in 2023.

Ms. Motter stated that in the last few weeks, she has seen occasions where it appears the new filing fee process has caused some confusion and wondered if some additional communication could be provided as incorrect amounts are being paid. She also asked if the issue with SERFF system delays that were experienced last week had been resolved. Ms. Woltkamp noted her team will work on some communication alerts and language to assist with making sure the correct state filing fees are being paid and not just the NAIC transaction fee, which is automatically assessed. She also stated that SERFF is aware of the system performance issue and that they are working with the database team to isolate, identify and correct any issues as quickly as possible. Ms. Woltkamp stated that as of this morning, it appeared performance levels were back to normal. However, she asked that anyone with continued issues let the SERFF team know.

Bridget Kieras (NAIC) stated that regarding the SERFF modernization project, the request for proposal (RFP) is in the final stage for the mobilization and pilot (wrapping up the vendor selection process, drafting the fiscal for project funding and beginning the work on the contract with the selected vendor). A press release will be sent out in the next few weeks announcing the vendor selection, as well as the kick-off of the project. She suggested reading the mobilization and pilot RFP, in particular the section on business objectives and the appendix with some use cases as these will be demonstrated during the pilot phase to ensure a solid architecture. She said that good tools were chosen to integrate with SERFF. She noted that work will also be done during the pilot to gather and document the business requirements and the new and improved features that will be offered. Communication plans are being drafted for the mobilization pilot phase to make sure there are lots of forms for users to provide input and get updates. One-on-one calls have started with state insurance regulators to provide SERFF modernization updates and expectations, as well as to gather information. One-on-one calls like this will not be arranged for the industry, but some other forms to provide project updates and expectations will be provided.

Theresa Boyce (Chubb Group) asked for additional details on the document Ms. Kieras suggested for review. Ms. Kieras said that an online search of SERFF Modernization RFP 2071 should provide a search result for the document, but she also provided the link to review it: https://content.naic.org/article/news_release_naic_releases_serff_modernization_rfp.htm.

5. Discussed the Annual Review of the PCM and UTD Suggestions

Ms. Motter stated one of the charges of this Working Group is to review any suggestions that are received throughout the year for proposed revisions to the Product Coding Matrix (PCM) and Uniform Transmittal Document (UTD). She noted that proposed revisions or changes can be submitted at any time throughout the year, but that an alert will be sent soon in SERFF reminding everyone that the deadline is May 31 for considerations to go in to effect for next year. The necessary meetings will be set up to discuss the suggestions after they are all reviewed to determine which revisions will be incorporated and then passed along for approval and implementation, which would take place in January. This past January, there were very few changes to the PCM. However, many suggestions were discussed, and alternative solutions were able to be provided. Ms. Motter asked that everyone, including state insurance regulators and industry members, provide any suggestions for consideration.

Having no further business, the Speed to Market (EX) Working Group adjourned.

W:\National Meetings\2021\Spring\TF\Innovation_Working_Groups\Speed\Conference_Calls\Mar 10 call/0310S2M Minutes Final.docx

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

COVID-19 Regulatory Relief or Regulatory Accommodations Related to Innovation and Technology

Request for Information – Spring Follow-Up

Introduction:

This document summarizes comments received from interested parties related to a follow up to the Request for Information sent prior to the NAIC Fall National Meeting. Those responses covered the following areas:

- Electronic Commerce
- Regulatory Capabilities
- Claims Facilitation
- Specific to Surplus Lines

This follow-up summary includes those same sections but reflects updated information the respondents noted or prioritized for the Innovation and Technology (EX) Task Force consideration.

Responses were received from the following organizations:

- American Council of Life Insurers (ACLI)
- American Property Casualty Insurance Association (APCIA)
- Lloyd's
- McDermott Will & Emery (mwe)
- National Association of Professional Insurance Agents (PIA)
- Wholesale & Specialty Insurance Association (WSIA)

The following entities submitted responses in the fall but did not submit a response to this request:

- BlueCross BlueShield Association (BCBSA)
- Insured Retirement Institute (IRI)
- National Association of Mutual Insurance Companies (NAMIC)

Follow-Up Request:

Sent: March 3, 2021

Request to solicit comments from any interested party related to specific "regulatory relief" or "regulatory accommodations" related to innovation and technology

On behalf of the Task Force chair, Commissioner Godfread, and Vice Chair, Superintendent Dwyer, we are requesting your input where you believe these issues are interpretative versus what changes will need to be done legislatively. We ask that if you believe change must be done at the legislative level, please identify the law (or model law) impacted so the Task Force can address it more expeditiously. I believe it was mentioned during the meeting that some of that information has already been gathered and compiled, noting that it does involve a mix of legislation and interpretation, as well as federal overlay.

The ask is to break down your previous suggestions, if you can, and provide more specific information as to where the issues are more interpretative or lack a uniform interpretation, versus it being a legislative issue. Further if you have suggestions regarding prioritization of these issues as summarized in this document, those would be welcome.

The Task Force may also be interested in drafting a bulletin or bulletins as a solution, as suggested during the meeting. Both discussing and targeting more specific areas for attention and the bulletin concept will be discussed during the Task Force's Spring Meeting on April 9, 1:00 pm CT.

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Response Summary – Priorities:

Electronic Commerce

Issue	Commented on by:
1. Allow e-signatures	ACLI, mwe
2. Allow e-delivery	ACLI
3. Elimination notary requirements; allow e-notary	APCIA, mwe, PIA
4. Address "opt-in" requirements; change to "opt-out" for e-delivery	ACLI, APCIA
Specific Action Suggestions: **ACLI:** 1) Create a Working Group to examine e-commerce laws and regulations and "work toward meaningful, unified recommendations that are actionable by the NAIC." 2) Survey states regarding UETA exceptions and then prioritize getting those exceptions eliminated. **APCIA:** 1) Insurance departments should provide information to companies electronically. 2) Supports NCOIL's efforts to move to Remote Online Notarization (RON) and specific to vehicle titling in a total loss claim situation.	

Regulatory Capabilities

Issue	Commented on by:
1. Education/Continuing Education: Eliminate in person classroom licensing requirements replaced with virtual or online options and eliminate or allow remote fingerprinting.	APCIA, PIA
2. Modify or eliminate proctor/monitor requirements for continuing education.	PIA
3. Authorize remote Workers' Compensation hearings.	PIA
4. e-filings: eliminate hard copy regulatory filings or eliminate the need for a wet signature or traditional notarization for those filings.	Lloyd's
5. Allow e-payment for all required regulatory fees such as premium taxes.	
6. Eliminate wet signature requirements for regulatory filings such as biographical affidavits and certified reinsurer filings.	Lloyd's, mwe
7. Expedite rate and form filing review following a pre-filing meeting.	mwe
8. Implement bulletins that alleviate the need for in-person MGA/TPA audits and allow virtual audits of employers and other similar requirements.	APCIA
9. Eliminate requirement for in person visit of physical office.	mwe
Specific Action Suggestions:	

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Claims Facilitation

Key Points – from Fall National Meeting Comment Letters	Commented on by:
Allow digital adjudication of claims including photo inspection particularly around auto inspections and allow non-licensed adjusters to be able to the photos.	
Drones: Allow drones in adjusting including relaxing "fly beyond their line of sight" requirements.	
Possibly draft legislation that would resolve concerns over "paper trail" liability related to certified letters for reservation of rights and coverage denials. The letter noted that there is no existing regulatory requirement to do this, but still concerns.	
Allow remote/virtual administrative hearings to take place as well as video depositions.	
Consider timing of electronic payments happening "at the same time" – proof of loss must be sent through the mail.	
Telemedicine: Allow this and relax in-person requirements. • BCBSA suggests leveraging their existing "Guiding Principles for Telehealth" and allowing private insurers establish appropriate rules.	
Specific Action Suggestions:	

Specific to Surplus Lines

Issue	Commented on by:
1. Diligent Search: "on demand" product pricing is difficult due to the three-declination process in the current environment. Particularly where it must be documented and filed with the state. Should relax and automate this process.	Lloyd's, mwe, WSIA
2. Expand export lists for coverages typically unavailable in the admitted market.	WSIA
3. Allow electronic tax payment and reporting options.	WSIA
4. Eliminate wet signature and notarization requirements on surplus lines reports.	WSIA
Specific Action Suggestions: **Lloyd's:** 1) The Surplus Lines (C) Task Force is currently amending the relevant model law (Nonadmitted Insurance Model Act) pertaining to this issue so recommends this be deferred to that Task Force. **WSIA:** 1) WSIA provided a summary of related regulatory requirements by state.	Lloyd's, WSIA

Comments related to whether the recommended action is related to and interpretive, uniform interpretation or legislative type issue, were provided as were specific examples. The ACLI provided key purposes for a proposed bulletin that could address issues that do not appear to require a legislative change. Areas requiring a legislative change would either have to be taken up by the specific jurisdiction with the issue or addressed by an NAIC committee such as the Surplus Lines (C) Task Force.

Entities specifically noting it would support the drafting of a bulletin included:

• **ACLI**
• **APCIA**
• **PIA**

W:\National Meetings\2021\Spring\TF\Innovation\RFI Responses\RFI_Fall_Summary_2021_Spring_Compare.docx