



2025 SUMMER NATIONAL MEETING MINNEAPOLIS, MN

Draft date: 8/8/25

*2025 Summer National Meeting
Minneapolis, Minnesota*

CASUALTY ACTUARIAL AND STATISTICAL (C) TASK FORCE

Monday, August 11, 2025

3:30 – 5:00 p.m.

Hilton Minneapolis—Grand Ballroom D—Level 3

ROLL CALL

NAIC Member

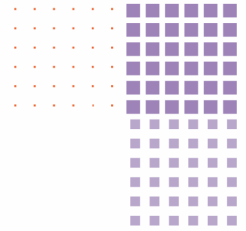
D.J. Bettencourt, Chair
Angela L. Nelson, Vice Chair
Mark Fowler
Heather Carpenter
Ricardo Lara
Andrew N. Mais
Trinidad Navarro
Karima M. Woods
Michael Yaworsky
Holly W. Lambert
Doug Ommen
Vicki Schmidt
Timothy J. Temple
Robert L. Carey
Marie Grant
Anita G. Fox
Grace Arnold
Remedio C. Mafnas
Eric Dunning
Ned Gaines
Justin Zimmerman
Judith L. French
Glen Mulready
TK Keen
Michael Humphreys
Alexander S. Adams Vega
Michael Wise

Representative

Christian Citarella, Chair
Julie Lederer, Vice Chair
Charles Hale
Sian Ng-Ashcraft
Tina Shaw
Wanchin Chou
Trinidad Navarro
David A. Christhilf
Michael Yaworsky
Larry Steinert
Travis Grassel
Nicole Boyd
Nichole Torblaa
Sandra Darby
Aaron Levine
Kevin Dyke
Phil Vigliaturo
Remedio C. Mafnas
Nguyen Thai
Gennady Stolyarov
Justin Zimmerman
Tom Botsko
Andy Schallhorn
Eric Bredeson
Michael McKenney
Carlos Vallés
Will Davis

State/Territory

New Hampshire
Missouri
Alabama
Alaska
California
Connecticut
Delaware
District of Columbia
Florida
Indiana
Iowa
Kansas
Louisiana
Maine
Maryland
Michigan
Minnesota
N. Mariana Islands
Nebraska
Nevada
New Jersey
Ohio
Oklahoma
Oregon
Pennsylvania
Puerto Rico
South Carolina



Cassie Brown	J'ne Elizabeth Byckovski	Texas
Kaj Samsom	Rosemary Raszka	Vermont
Patty Kuderer	William Wilder	Washington
Allan L. McVey	Allan L. McVey	West Virginia

NAIC Support Staff: Kris DeFrain/Roberto Perez/Sam Kloese

AGENDA

- | | |
|--|---------------------|
| 1. Consider Adoption of its June 10, June 6, May 15, April 25, April 1, and Spring National Meeting Minutes— <i>Christian Citarella (NH)</i> | Attachments One–Six |
| 2. Consider Adoption of the Reports of its Working Groups | |
| A. Actuarial Opinion (C) Working Group— <i>Miriam Fisk (TX)</i> | Attachment Seven |
| B. Statistical Data (C) Working Group— <i>Sandra Darby (ME)</i> | Attachment Eight |
| 3. Hear a Report on Data Collection/Rates and Models Project — <i>Eric Hintikka (TX)</i> | |
| 4. Hear From Commenters and Discuss Comments Received on the <i>NAIC Model Review Manual</i> — <i>Tom Zuppan (AZ)</i> and <i>Kris DeFrain (NAIC)</i> | Attachment Nine |
| 5. Hear a Presentation about Missing Data from APCIA— <i>Roosevelt Mosley (Pinnacle)</i> | Attachment Ten |
| 6. Discuss Unknown Risk Characteristics— <i>Christian Citarella (NH)</i> and <i>Michael McKenney (PA)</i> | Attachment Eleven |
| 7. Hear Liaison Reports— <i>Christian Citarella (NH)</i> | |
| 8. Hear Updates on Activities and Research from Professional Actuarial Associations— <i>Christian Citarella (NH)</i> | Attachment Twelve |
| 9. Discuss Any Other Matters Brought Before the Task Force — <i>Christian Citarella (NH)</i> | |
| 8. Adjournment | |

Draft Pending Adoption

Draft: 4/1/25

Casualty Actuarial and Statistical (C) Task Force
Indianapolis, Indiana
March 24, 2025

The Casualty Actuarial and Statistical (C) Task Force met in Indianapolis, IN, March 24, 2025. The following Task Force members participated: D.J. Bettencourt, Chair, represented by Christian Citarella (NH); Angela L. Nelson, Vice Chair, represented by Julie Lederer and Cynthia Amann (MO); Lori K. Wing-Heier represented by Jacob Lauten and Joanne Bennett (AK); Mark Fowler represented by Charles Hale (AL); Ricardo Lara represented by Tina Shaw and Bernadette Rodriguez (CA); Andrew N. Mais represented by Wanchin Chou (CT); Karima M. Woods represented by David A. Christilf (DC); Michael Yaworsky represented by Richie Frederick (FL); Doug Ommen represented by Travis Grassel (IA); Holly W. Lambert represented by Larry Steinert (IN); Vicki Schmidt represented by Nicole Boyd (KS); Timothy J. Temple represented by Crystal Lewis (LA); Robert L. Carey represented by Sandra Darby (ME); Anita G. Fox represented by Kevin Dyke (MI); Grace Arnold represented by Phil Vigliaturo (MN); Scott Kipper represented by Gennady Stolyarov (NV); Judith L. French represented by Tom Botsko (OH); Glen Mulready represented by Andy Schallhorn (OK); Michael Humphreys represented by Michael McKenney and Shannen Logue (PA); Michael Wise represented by Jerusha Mention (SC); Cassie Brown represented by J'ne Elizabeth Byckovski, Amy Garcia, and Miriam Fisk (TX); Sandy Bigglestone represented by Rosemary Raszka (VT); and Allan L. McVey represented by Juanita Wimmer (WV). Also participating was: Tom Zuppan (AZ).

1. Adopted its Feb. 18, 2025; Feb. 5, 2025; and 2024 Fall National Meeting Minutes

Citarella said the Task Force met Feb. 18, 2025, and Feb. 5, 2025. The Task Force adopted the *2021/2022 Auto Insurance Database Report* (Auto Report) by e-vote on Feb. 5, 2025.

The Task Force also met Dec. 17, 2024, in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, to discuss rate filing issues.

Additionally, the Task Force held Predictive Analytics Book Club meetings Jan. 28, 2025, and Feb. 25, 2025. The Book Club meetings included presentations by Peggy Brinkmann, Milliman's principal and consulting actuary with the Property and Casualty Practice, on statistical methods to impute race and ethnicity and Kevin Burke (NAIC) on missing data analysis.

Dyke made a motion, seconded by Botsko, to adopt the Task Force's Feb. 18, 2025 (Attachment One); Feb. 5, 2025, (Attachment Two); and Nov. 17, 2024 (*see NAIC Proceedings – Fall 2024, Casualty Actuarial and Statistical (C) Task Force*) minutes. The motion passed unanimously.

2. Adopted the Report of the Actuarial Opinion (C) Working Group

Fisk said the Actuarial Opinion (C) Working Group met March 5 and Jan. 27. During its Jan. 27 meeting, the Working Group adopted the proposed 2025 Statement of Actuarial Opinion (SAO) instructions for property/casualty (P/C) insurance. The adopted SAO instructions were sent to the Blanks (E) Working Group. During its March 5 meeting, discussion continued on the 2026 SAO exhibits. The focus was on disclosure items that are not reconcilable to amounts disclosed elsewhere in the annual statement.

The Working Group met Feb. 26 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings. The Working Group discussed the status of the P/C Appointed Actuary Educational Assessment Project and next steps. Letters to the Casualty Actuarial

Draft Pending Adoption

Society (CAS) and Society of Actuaries (SOA) summarizing the results of the assessment are being drafted to be sent soon.

Fisk made a motion, seconded by Steinert, to adopt the report of the Actuarial Opinion (C) Working Group, including its March 5 (Attachment Three) and Jan. 27 (Attachment Four) minutes. The motion passed unanimously.

3. Adopted the Report of the Statistical Data (C) Working Group

Darby said the Statistical Data (C) Working Group met Feb. 18, 2025, and Dec. 18, 2024. During these meetings, changes to NAIC statistical reports and the 2025 work plan were discussed.

Darby made a motion, seconded by Chou, to adopt the report of the Statistical Data (C) Working Group, including its Feb. 18, 2025 (Attachment Five) and Dec. 18, 2024 (Attachment Six) minutes. The motion passed unanimously.

4. Adopted Schedule P Instructions (Phase 1)

Kris DeFrain (NAIC) offered Schedule P Instructions (Phase 1) for adoption and stated no comments were received during exposure. The Blanks (E) Working Group concurrently exposed the proposal for comment and suggested the following sentence be deleted because the appendix no longer exists: "For a definition of what is to be included in each of these lines, refer to the Appendix of these instructions." If adopted, the proposal would be adopted with a 2025 effective date.

Darby made a motion, seconded by Botsko, to adopt the Schedule P Instructions (Phase 1) as amended (Attachment Seven). The motion passed unanimously.

5. Received the NAIC *Model Review Manual*

DeFrain introduced the first draft of the NAIC *Model Review Manual*. The manual is intended to direct the NAIC rate model review staff and provide guidance on priorities and fair scheduling of rate model review reports. Sections of the manual include the scheduling of reports, priority, focus on model types, whether to include limits to types of reports, and the inclusion of checklist information on initial filings. Some members of the Task Force will meet with NAIC staff to further discuss the manual for future exposure for written comments.

Citarella asked for volunteers to review and lead a future discussion with the Task Force. Volunteers included Chou, McKenney, Darby, Dyke, and Zuppan.

6. Discussed the Potential Need for Data Collection/Reports on Rates and Models

Citarella discussed the potential need for data collection and/or System for Electronic Rates & Forms Filing (SERFF) reports about statewide and nationwide rate changes and more detailed tracking of information in rate support (e.g., trends, reinsurance, ROI), rates, models, and rating algorithms. Task Force members noted there are numerous complications and pitfalls when calculating average rate changes from SERFF filings, especially when rate changes are for a segment or product of the overall line of business. Information might also be needed from the annual financial statement to conduct calculations. The Task Force expressed strong support to begin this project.

Citarella asked for volunteers to further discuss the issue. Volunteers included Shaw, McKenney, Darby, Dyke, Zuppan, Vigliaturo, Raszka, and Stolyarov.

7. Heard Liaison Reports

McKenney said the 2025 market conduct annual statement (MCAS) premium exhibit will now have a pet insurance line.

Darby said the new SERFF modernization project has been implemented for the Interstate Insurance Product Regulation Commission (Compact), and they are working through issues. These 10 states will be early adopters for either life or P/C lines of business: Arizona, Arkansas, California, Connecticut, Maine, Missouri, Nebraska, North Dakota, Oklahoma, and Vermont. The new platform will include some artificial intelligence (AI) features, focused mostly on the form side.

Botsko said the preamble to risk-based capital (RBC) will be discussed. This includes the confidentiality of RBC and whether things can be published in the annual statement. Adding perils to P/C RBC is being discussed, likely to initially be informational only. Chou said fraud risk is being discussed.

Chou said the Third-Party Data and Models (H) Task Force conducted a regulator survey, and the Innovation, Cybersecurity, and Technology (H) Committee will have a presentation about model governance. Chou and Amann cited numerous cyber security activities, including a potential reporting repository and a wish list of cyber data.

8. Heard Updates on Activities and Research from Professional Actuarial Associations

The American Academy of Actuaries (Academy), Actuarial Board of Counseling and Discipline (ABCD), Actuarial Standards Board (ASB), SOA, and CAS provided reports on current activities and research.

Having no further business, the Casualty Actuarial and Statistical (C) Task Force adjourned.

SharePoint/Staff Hub/Committees/Member Meetings/C CMTE/2025_Spring/CASTF/032425 Minutes SpNM.docx

Draft: 7/8/25

Casualty Actuarial and Statistical (C) Task Force
Virtual Meeting
June 10, 2025

The Casualty Actuarial and Statistical (C) Task Force met June 10, 2025. The following Task Force members participated: D.J. Bettencourt, Chair, represented by Christian Citarella (NH); Angela L. Nelson, Vice Chair, represented by Julie Lederer (MO); Lori K. Wing-Heier represented by Sian Ng-Ashcraft (AK); Mark Fowler represented by Charles Hale and Ken Williamson (AL); Ricardo Lara represented by Tina Shaw, Mitra Sanandajifar, and Sarah Ye (CA); Andrew N. Mais represented by Wanchin Chou (CT); Karima M. Woods represented by David A. Christhlf (DC); Michael Yaworsky represented by Peshala Disanayaka (FL); Doug Ommen represented by Travis Grassel and Jordan Esbrook (IA); Holly W. Lambert represented by Larry Steinert (IN); Vicki Schmidt represented by Nicole Boyd (KS); Timothy J. Temple represented by Nichole Torblaa (LA); Marie Grant represented by Walter Dabrowski (MD); Robert L. Carey represented by Sandra Darby (ME); Anita G. Fox represented by Kevin Dyke (MI); Grace Arnold represented by Phil Vigliaturo (MN); Eric Dunning represented by Nguyen Thai and Connie Van Slyke (NE); Scott Kipper represented by Gennady Stolyarov (NV); Judith L. French represented by Stewart Trego (OH); TK Keen represented by Brian Fjeldheim (OR); Michael Humphreys represented by Michael Stoner (PA); Michael Wise represented by Will Davis (SC); Cassie Brown represented by J'ne Elizabeth Byckovski, Rebecca Armon, and Eric Hintikka (TX); Sandy Bigglestone represented by Zoie Y. Swaim (VT); Patty Kuderer represented by William Wilder (WA); and Allan L. McVey represented by Juanita Wimmer (WV).

1. Adopted the Report of the Actuarial Opinion (C) Working Group

Lederer reported that the Actuarial Opinion (C) Working Group met April 3 to continue discussions on items disclosed in the Property/Casualty (P/C) Statement of Actuarial Opinion that are also not reported elsewhere in the annual statement. The Working Group will continue this discussion in the coming months.

The Casualty Actuarial Society/Society of Actuaries (CAS/SOA) Educational Assessment project is nearing completion. The Working Group sent letters to the CAS and SOA on May 27 and May 16, respectively, summarizing the results of the assessment. Both organizations revised some of their educational materials based on the results of the Working Group's preliminary assessments, and the Working Group found these revisions acceptable. The Working Group concluded that the CAS' Associate of the CAS (ACAS) and Fellow of the CAS (FCAS) pathways and the SOA's Fellow of the SOA (FSA) pathway meet the minimum educational standards for an actuary signing a P/C Statement of Actuarial Opinion if certain exams are completed. The Working Group will document acceptance of the organizations' designations, with the caveat of which exams must be completed, in the *2026 Statement of Actuarial Opinion's* definition of a Qualified Actuary.

Lederer mentioned that the SOA is introducing a revised fellowship pathway this fall. The Working Group met in regulator-to-regulator session on June 4 to discuss the circumstances under which a candidate who has passed combinations of old exams or modules and new exams would meet the minimum educational standards for signing a P/C opinion. These discussions are ongoing.

Lederer made a motion, seconded by Darby, to adopt the report of the Actuarial Opinion (C) Working Group. The motion passed unanimously.

2. Adopted the Report of the Statistical Data (C) Working Group

Darby reported that the Statistical Data (C) Working Group has been meeting regularly to discuss changes to the *Statistical Handbook of Data Available to Insurance Regulators*. The Working Group met June 4, May 14, April 30, and April 9 to discuss comments received on the homeowners and dwelling fire sections of the handbook. The Working Group plans to meet July 16 to discuss comments regarding the personal auto section. The Working Group will continue to meet regularly, working through each section of the handbook. Darby mentioned that the *Auto Database Average Premium Supplement* was adopted by the Working Group and sent to the Task Force for adoption.

Darby made a motion, seconded by Chou, to adopt the report of the Statistical Data (C) Working Group. The motion passed unanimously.

3. Exposed the NAIC Rate Model Review Manual

Citarella introduced the *NAIC Rate Model Review Manual* and explained that the manual is intended to guide NAIC staff in assisting insurance regulators in a state's review of predictive models. The aim is to provide a consistent and documented review of complex predictive models used in insurance products while providing appropriate speed to market. To the extent possible, the manual is intended to add uniformity when NAIC staff produce reports applicable to all states. Compliance with a state's laws and regulations will be performed by the state insurance regulator.

Citarella said the *NAIC Rate Model Review Manual* will be exposed for a 45-day public comment period ending July 25. If there are no substantive comments requiring significant re-drafting, the aim is to consider adopting it at the Summer National Meeting.

4. Heard a Report on Data Collection/Rates and Models Project

Hintikka reported that the project subgroup met May 22 and May 6 and is currently in the information-gathering stage. The Subgroup is primarily focused on understanding the methods states currently use to analyze rate changes for their markets, as well as the limitations of those methods and possibilities for future improvement. The Subgroup also discussed four secondary but related focuses regarding data collection through System for Electronic Rates & Forms Filing (SERFF). Hintikka said the Subgroup plans to meet July 3 to receive a presentation from S&P Global representatives explaining how they use SERFF data to analyze rate changes. Later in July, the Subgroup also plans to have a discussion with SERFF team members to determine what data may be available and what SERFF improvements could potentially help to obtain accurate calculations.

5. Heard Reports from Liaisons

Citarella said the Innovation, Cybersecurity, and Technology (H) Committee is currently receiving feedback on the potential development of an artificial intelligence/machine learning (AI/ML) model law, which could result in a robust conversation among commissioners. As previously discussed, there is interest in using AI/ML in ratings, but there are also questions on how AI/ML will be used in a reserve setting, actuarial opinions/statements, financials, and other areas of insurance.

Having no further business, the Casualty Actuarial and Statistical (C) Task Force adjourned.

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Draft: 6/11/25

Casualty Actuarial and Statistical (C) Task Force
E-Vote
June 6, 2025

The Casualty Actuarial and Statistical (C) Task Force conducted an e-vote that concluded June 6, 2025. The following Task Force members participated: Lori K. Wing-Heier represented by Sian Ng-Ashcraft (AK); Mark Fowler (AL); Ricardo Lara represented by Tina Shaw (CA); Andrew N. Mais represented by Wanchin Chou (CT); Karima M. Woods represented by David A. Christhlf (DC); Michael Yaworsky represented by Stephanie Avello (FL); Doug Ommen represented by Travis Grassel (IA); Holly W. Lambert represented by Larry Steinert (IN); Timothy J. Temple represented by Nichole Torblaa (LA); Marie Grant (MD); Robert L. Carey represented by Sandra Darby (ME); Grace Arnold represented by Phil Vigliaturo (MN); Scott Kipper represented by Gennady Stolyarov (NV); Judith L. French represented by Tom Botsko (OH); Glen Mulready represented by Andy Schallhorn (OK); Andrew R. Stolfi represented by David Dahl (OR); Michael Humphreys represented by Michael McKenney (PA); Michael Wise represented by Will Davis (SC); Cassie Brown represented by J'ne Elizabeth Byckovski (TX); Kaj Samsom represented by Rosemary Raszka (VT); Patty Kuderer represented by William Wilder (WA); and Allan L. McVey (WV).

1. Adopted the 2023 Auto Insurance Database Average Premium Supplement

The Task Force conducted an e-vote to consider adoption of the *2023 Auto Insurance Database Average Premium Supplement*. The motion passed unanimously.

Having no further business, the Casualty Actuarial and Statistical (C) Task Force adjourned.

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Draft: 5/20/25

Casualty Actuarial and Statistical (C) Task Force
E-Vote
May 15, 2025

The Casualty Actuarial and Statistical (C) Task Force conducted an e-vote that concluded May 15, 2025. The following Task Force members participated: D.J. Bettencourt, Chair, represented by Christian Citarella (NH); Lori K. Wing-Heier represented by Sian Ng-Ashcraft (AK); Mark Fowler represented by Charles Hale (AL); Andrew N. Mais represented by Wanchin Chou (CT); Karima M. Woods represented by David A. Christhilf and Angela King (DC); Michael Yaworsky represented by Stephanie Avello (FL); Doug Ommen represented by Travis Grassel (IA); Holly W. Lambert represented by Larry Steinert (IN); Marie Grant represented by Aaron Levine (MD); Robert L. Carey represented by Sandra Darby (ME); Grace Arnold represented by Phil Vigliaturo (MN); Judith L. French represented by Tom Botsko (OH); Glen Mulready represented by Andy Schallhorn (OK); Andrew R. Stolfi represented by David Dahl (OR); Michael Wise represented by Will Davis (SC); Cassie Brown represented by J'ne Elizabeth Byckovski (TX); and Allan L. McVey (WV).

1. Adopted the 2023 Competition Report

The Task Force conducted an e-vote to consider adoption of the *2023 Competition Database Report* (Competition Report). The motion passed unanimously.

Having no further business, the Casualty Actuarial and Statistical (C) Task Force adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/C CMTE/2025_Summer/CASTF/051525 2023 Competition Database Report evote min.docx

Draft: 5/5/25

Casualty Actuarial and Statistical (C) Task Force
E-Vote
April 25, 2025

The Casualty Actuarial and Statistical (C) Task Force conducted an e-vote that concluded April 25, 2025. The following Task Force members participated: Lori K. Wing-Heier represented by Sian Ng-Ashcraft (AK); Ricardo Lara represented by Tina Shaw (CA); Andrew N. Mais represented by Wanchin Chou (CT); Karima M. Woods represented by David A. Christhilf and Angela King (DC); Michael Yaworsky (FL); Holly W. Lambert represented by Larry Steinert (IN); Marie Grant represented by Aaron Levine (MD); Robert L. Carey represented by Sandra Darby (ME); Grace Arnold represented by Phil Vigliaturo (MN); Remedio C. Mafnas (MP); Scott Kipper represented by Gennady Stolyarov (NV); Judith L. French represented by Tom Botsko (OH); Glen Mulready represented by Andy Schallhorn (OK); Andrew R. Stolfi represented by David Dahl (OR); Michael Humphreys represented by Michael McKenney (PA); Michael Wise represented by Will Davis (SC); Cassie Brown represented by J'ne Elizabeth Byckovski and Nicole Elliott (TX); Kaj Samsom represented by Rosemary Raszka (VT); Patty Kuderer represented by William Wilder (WA); and Allan L. McVey (WV).

1. Adopted the 2022 Homeowners Report

The Task Force conducted an e-vote to consider adoption of the *2022 Dwelling, Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner's Insurance Report* (Homeowners Report). The motion passed unanimously.

Having no further business, the Casualty Actuarial and Statistical (C) Task Force adjourned.

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Draft: 4/8/25

Casualty Actuarial and Statistical (C) Task Force
E-Vote
April 1, 2025

The Casualty Actuarial and Statistical (C) Task Force conducted an e-vote that concluded April 1, 2025. The following Task Force members participated: Lori K. Wing-Heier represented by Chad Bennett (AK); Andrew N. Mais represented by Wanchin Chou (CT); Karima M. Woods represented by Angela King (DC); Doug Ommen represented by Travis Grassel (IA); Holly W. Lambert represented by Larry Steinart (IN); Vicki Schmidt represented by Nicole Boyd (KS); Timothy J. Temple represented by Nichole Torblaa (LA); Marie Grant represented by Aaron Levine (MD); Robert L. Carey represented by Sandra Darby (ME); Grace Arnold represented by Phil Vigliaturo (MN); Judith L. French represented by Tom Botsko (OH); Andrew R. Stolfi represented by David Dahl (OR); Michael Wise represented by Will Davis (SC); Sandy Bigglestone represented by Rosemary Raszka (VT); Patty Kuderer represented by William Wilder (WA); and Allan L. McVey (WV).

1. Adopted the 2023 Profitability Report

The Task Force conducted an e-vote to consider adoption of the 2023 *Report on Profitability by Line by State* (Profitability Report). The motion passed unanimously.

Having no further business, the Casualty Actuarial and Statistical (C) Task Force adjourned.

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Draft: 7/23/25

Actuarial Opinion (C) Working Group
Virtual Meeting
July 23, 2025

The Actuarial Opinion (C) Working Group of the Casualty Actuarial and Statistical (C) Task Force met July 23, 2025. The following Working Group members participated: Miriam Fisk, Chair (TX); Julie Lederer, Vice Chair (MO); Susan Gozzo Andrews (CT); Chantel Long (IL); Sandra Darby (ME); Tom Botsko (OH); Andrew Schallhorn (OK); and Kevin Clark (PA).

1. Discussed Proposed Edits to the 2026 P/C Statement of Actuarial Opinion (SAO) Instructions and Regulatory Guidance Documents

Fisk discussed proposed edits to the 2026 SAO Instructions. The edits discussed include: 1) clarification of when qualification documents for an Appointed Actuary need to be provided to the Board of Directors; 2) adding an item stating that, as required by SSAP Np. 65, Exhibit A should also include the reserve for Direct and Assumed Unearned Premiums for P/C Long Duration Contracts and the reserve for Net Unearned Premiums for P/C Long Duration Contracts regardless of whether the amounts are material; 3) language clarifying that if the Unearned Premium Reserves for P/C Long Duration Contracts reported on lines 7 or 8 of Exhibit A are immaterial but non-zero, and the Appointed Actuary is not issuing an opinion on the amounts, clarifying comments should be included in the Scope, Opinion, and/or Relevant Comment sections of the opinion; 4) Removal line 10 of Exhibit B; 5) Removal of the general insurance track qualifier for the Fellow of Society of Actuaries (FSA) credential in the Appointed Actuary's accepted actuarial designations list.

Fisk also discussed amounts disclosed in the Statement of Actuarial Opinion (SAO) that are not reported elsewhere in the annual statement, including 1) the unearned premium reserves for property/casualty (P/C) long-duration contracts on Exhibit A, Lines 7 and 8; 2) the total claims made extended loss and loss-adjustment expense (LAE) and unearned premium reserved on Exhibit B, Line 12; and 3) the net reserves for the A&H Long Duration Contracts on Exhibit B, Line 13. Fisk noted that Exhibit A, Line 7 is not reported elsewhere, while Line 8 is similar to the Underwriting and Investment Exhibit, Part 1A, Column 2.

Fisk proposed removing Exhibit B, Line 10 due to inconsistent reporting and limited usefulness. Botsko asked whether data supported the removal, and Fisk responded that while some companies report amounts, the data is inconsistent and not widely relied upon. Lederer also raised concerns about the clarity of Exhibit B, Line 12, and asked whether it refers to issued or not-yet-issued policies. Fisk agreed to review SSAP 65 and propose revised language in future meetings. Koca (COPLFR) confirmed that the line is intended for policies not yet issued but for which the company may be obligated to provide coverage and recommended aligning the wording with SSAP 65.

Fisk then transitioned the discussion to the Regulatory Guidance document. Fisk proposed several edits to ensure the document is up-to-date and internally consistent. Fisk also discussed incorporating guidance on net vs. gross reserve opinions into the instructions. Lederer noted that Exhibit B already includes a clarifying note, but additional reinforcement may be beneficial. Fisk also raised the idea of enhancing guidance on company-specific risk factors and requested volunteers to help draft language. Koca offered to provide feedback from COPLFR.

Fisk concluded by noting that an updated draft should be ready for the next meeting. Having no further business, the Actuarial Opinion (C) Working Group adjourned.

Draft: 6/18/25

Actuarial Opinion (C) Working Group
Virtual Meeting
June 18, 2025

The Actuarial Opinion (C) Working Group of the Casualty Actuarial and Statistical (C) Task Force met June 18, 2025. The following Working Group members participated: Miriam Fisk, Chair (TX); Julie Lederer, Vice Chair (MO); Susan Gozzo Andrews (CT); David A. Christhlf (DC); Tom Botsko (OH); and Kevin Clark and James Di Santo (PA).

1. Received an Update on 2025 Statement of Actuarial Opinion (SAO) Instructions Changes

Fisk explained that while the Working Group adopted the 2025 P/C SAO instructions changes proposal on January 27, these changes were not sent to the Blanks Working Group in time for adoption this year. As an alternative, the Blanks Working Group will add an editorial note to the 2025 instructions, clarifying that the FSA designation is considered an accepted actuarial designation only if it was earned under the requirements in effect through May 2025. This editorial note was adopted by the Blanks working group during their May 29 meeting. The blanks working group will consider making all the other outstanding changes in the new proposal to modify 2026 SAO instructions.

2. Discussed Proposed Edits to the Accepted Actuarial Designation Definition in the P/C Statement of Actuarial Opinion instructions

Fisk led a discussion on proposed edits to the definition of accepted actuarial designation in the P/C opinion instructions. The changes reflect updates to the Society of Actuaries (SOA) educational pathways, including the elimination of specific tracks and the introduction of new general insurance exams. The Working Group reviewed the draft and discussed the implications of the transition period for candidates who partially completed the old system. Weber (SOA) confirmed the draft language aligns with their expectations. Additional edits were proposed to ensure clarity and consistency. The group agreed to expose the revised definition for public comment for 30 days, pending final review by the SOA and Casualty Actuarial Society (CAS).

Fisk said the Working Group plans to continue meeting monthly to discuss changes to the 2026 SAO instructions.

Having no further business, the Actuarial Opinion (C) Working Group adjourned.

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Draft: 4/3/25

Actuarial Opinion (C) Working Group
Virtual Meeting
April 3, 2025

The Actuarial Opinion (C) Working Group of the Casualty Actuarial and Statistical (C) Task Force met April 3, 2025. The following Working Group members participated: Miriam Fisk, Chair (TX); Julie Lederer, Vice Chair (MO); Susan Gozzo Andrews (CT); David A. Christhlf (DC); Chantel Long (IL); Sandra Darby (ME); Tom Botsko (OH); and Kevin Clark and James Di Santo (PA).

1. Discussed Instructions for the Actuarial Opinion

Fisk gave a presentation covering what is being reported in Statements of Actuarial Opinions (SAOs), which included:

1. Categories of amounts required to be disclosed in an SAO
2. Quantification of reported amounts for P/C long duration unearned premium reserves
3. Pooled reserves on Exhibit B, Line 10

Fisk highlighted that the focus of the conversation should be on the amounts that are not reported elsewhere in the annual statement to determine if they should be included in the annual statement or removed from the SAO. These include the pool reserves on Exhibit B, Line 10, and the unearned premium reserves for property/casualty (P/C) long-duration contracts on Exhibit A, Lines 7 and 8.

Fisk emphasized that while Exhibit A, Line 7 is not included anywhere else in the annual statement, Exhibit A, Line B is similar to Underwriting and Investment Exhibit, Part 1A, column 2. The group discussed practical uses for these reported amounts and suggested additional analysis to better understand their reporting in the SAO. Regarding the pooled reserves on Exhibit B, Line 10, the group discussed the need to better define the item or remove the item.

Fisk said the Working Group plans to continue meeting monthly to continue its discussion of these issues, including claims made extended loss and loss adjustment expense and unearned premium reserves.

SharePoint/NAIC Support Staff Hub/Member Meetings/C CMTE/2025_Summer/CASTF/AOWG/AOWG 04_03_2025 min.docx

Draft: 8/7/25

Statistical Data (C) Working Group
Virtual Meeting
July 16, 2025

The Statistical Data (C) Working Group of the Casualty Actuarial and Statistical (C) Task Force met July 16, 2025. The following Working Group members participated: Sandra Darby, Chair (ME); Brad Gerling, Vice Chair (MO); Kyle Ogden (AL); Qing He and Kristin Fabian (CT); David A. Christhlf (DC); Christian Citarella (NH); Alexander Vajda (NY); Tom Botsko (OH); Andy Schallhorn (OK); David Dahl (OR); and Nicole Elliot (TX). Also participating were: Borwen Lee and Daniel Zhong (FL); Julie Rachford (IL); John Sobhanian and Nichole Torblaa (LA); Arthur Schwartz (MD); Chris Slovinski (MI); Mari Kindberg and Ashley Perez (MT); Nicholas Vogl (NC); Kelly Christensen (UT); and William Wilder and Richelle Geiger (WA).

1. Discussed Comments on Statistical Handbook Sections 1, 2, 3, 5, 7, and 8

Darby said that during the Working Group's last meeting, Gerling introduced language for the exposure section for both homeowners and dwelling fires in the *Statistical Handbook of Data Available to Insurance Regulators* (Statistical Handbook). She said the new definition outlined that exposures will be reported as written house months, netted for cancellations, with an example included. The Working Group agreed with this change.

Darby said that the NAIC sent questions to participating statistical agents as a follow-up to the discussion during the Working Group's last meeting. She said the statistical agents were asked the following questions:

- Can you provide an example of how you are currently receiving data for endorsements for both homeowners and dwelling fire policies?
- Do you collect year of construction/renovation as outlined in the Statistical Handbook of Data Available to Regulators (Statistical Handbook)?
- Do you collect the split of owner-occupied versus non-owner-occupied policies for both homeowners and dwelling fire?

Darby said the National Independent Statistical Service (NISS) responded that for homeowners, mobilehome, and dwelling fire policies, it collects the following data elements: ZIP code, amount of insurance, line of business, written exposure, written premium, paid losses, paid claims, outstanding losses, and outstanding claims. Darby said the NISS collects daycare liability endorsements in the personal liability section of its general liability data call. Darby said the NISS collects the four-digit year of construction on the dwelling, and companies do have the option to report 1901 for dwellings built prior to 1960. Darby said the NISS collects the split of owner-occupied and non-owner-occupied policies.

Andy Regis (American Association of Insurance Services—AAIS) said the AAIS collects miscellaneous endorsements via major peril codes for dwelling fire and policy forms for homeowners. He said the AAIS collects the year of construction but does not collect the year of renovation. He said the AAIS does collect the split of owner-occupied and non-owner-occupied policies.

Laura Panesso (Insurance Services Office—ISO) said the ISO collects endorsement information in a variety of ways, and it would be too much information to provide the group information for every endorsement. She said if the Working Group could narrow down the type of endorsements it is looking into, the ISO could provide specific information for those endorsements. Panesso said the ISO collects the year of construction but does not consider

or define the year of renovation. She said the ISO does differentiate between owner-occupied and non-owner-occupied for both dwelling fire and homeowners.

Rick Bushur (Independent Statistical Service—ISS) said the ISS receives endorsements in different ways. He said most endorsements are reported with an identifying code and a more limited amount of reporting fields than full policies. These can be identified as endorsements, but the exact endorsement is not always captured. In some cases, a second code is used to more specifically identify the endorsement. Bushur said the year of construction is captured for homes built after 1959. He said the ISS collects the split of owner-occupied and non-owner-occupied for dwelling fire policies, but not for homeowners policies.

Darby asked Working Group members to think about what other endorsements would be useful to include in the Statistical Handbook. She said she would be interested in collecting private flood information. Panesso said the ISO collects that information as a separate program and not as an endorsement to homeowners policies. Gerling said if it is not provided as an endorsement, the Working Group should look at adding private flood as a line of business that is collected. Gerling said he did not see a need to collect further endorsement information for dwelling fire policies.

Darby said the definition of “year of construction” should be updated to reflect that statistical agents do not usually collect the year of renovation. Panesso agreed that the year of renovation should be removed. Darby asked how it was decided that homes built before 1960 did not need to be reported separately. Steve Clarke (ISO) said this date could be due to universal residential building codes being put into place around this time. Gerling said Missouri would like to see the individual collection year go back further than 1960. He said a recent tornado hit one of the oldest neighborhoods in St. Louis, MO, and it would be nice to know the year of construction for those homes. Darby said a change here would not be to the data field, only the instructions to the carrier to report the year of construction for homes built in 1901 and after. Jenny Tornquist (AAIS) asked if this would only apply to policies effective after the change to the Statistical Handbook has been implemented. Darby said companies should already have this information if the age of the home is already one of their rating elements. Citarella said once a change is implemented, the statistical agents should provide the requested information, not just on new policies, but on renewal policies effective after the change.

Darby said most of the statistical agents reported that they currently split owner-occupied and non-owner-occupied policies. Gerling asked how these categorizations are defined and where seasonal and rental homes fit into these categories. Darby said the Working Group would look to clarify and define these terms during its next meeting.

Having no further business, the Statistical Data (C) Working Group adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/C CMTE/2025_Summer/CASTF/SDWG/StatDataWGmin_716

Draft: 7/21/25

Statistical Data (C) Working Group
Virtual Meeting
June 4, 2025

The Statistical Data (C) Working Group of the Casualty Actuarial and Statistical (C) Task Force met June 4, 2025. The following Working Group members participated: Sandra Darby, Chair (ME); Brad Gerling, Vice Chair, (MO); Ken Williamson (AL); Lori Dreaver Munn (AZ); Qing He, George Bradner, and Wanchin Chou (CT); Mike Andring (ND); Christian Citarella (NH); Alexander Vajda (NY); Andy Schallhorn and Landon Hubbard (OK); and David Dahl and Ying Liu (OR). Also participating were: Luciano Gobbo and Susan Wu (CA); Borwen Lee and Sun Min (FL); Julie Rachford (IL); Kristina Shelley (IN); John Sobhanian and Nichole Torblaa (LA); Phillip Glasovatz, Robyn Lowes, and Chris Slovinski (MI); Mari Kindberg and Ashley Perez (MT); Nicholas Vogl (NC); Will Davis (SC); Kelly Christensen (UT); James Young (VA); and William Wilder (WA).

1. Discussed Comments on Statistical Handbook Sections 1, 2, 3, 7, and 8

Darby said NAIC staff had compiled a side-by-side list of data elements found in Sections 7 and 8 of the *Statistical Handbook of Data Available to Regulators* (Statistical Handbook).

Darby said the Dwelling Fire section has a data element called “Transaction Identifier and Amounts,” which includes premiums and losses. These are separate from the data elements in the Homeowners section. Darby asked if Working Group members had a preference on which format the data should be collected. Gerling said he generally prefers longer tables, and the data works better in programs like Tableau when laid out longer versus wider. Laura Panesso (Insurance Services Office—ISO) said ISO collects the data for both sections in a format more similar to the Dwelling Fire section. Jenny Tornquist (American Association of Insurance Services—AAIS) confirmed AAIS collects the data similarly. Darby said it makes sense to format both sections the same way and to do that in a way that makes sense for how the data is already being collected by statistical agents.

Darby said the Working Group should consider whether to add endorsement information into the Dwelling Fire section. Munn said for consistency, an endorsement section should be added. She said regulators would want to see things like wildfire endorsements here. Gerling asked if it is only the exposure count being collected for endorsements. Panesso said exposure information is not reported here because you would not want to double-count exposures. Gerling said it is likely that this column is only descriptive of the type of endorsement, and the other data elements contain the actual data relating to this endorsement.

Darby asked if statistical agents are receiving endorsement information in the same way for both homeowners and dwelling fire policies. Panesso said it would depend on the type of endorsement, as some are premium credits and some require additional premium. Darby said she would like the Working Group to think further about this endorsement section and its place in Section 8—Dwelling Fire. Panesso said the Working Group should also consider whether every type of endorsement is appropriate to report in both sections. Munn said she would like to know what perils are being excluded in these policies. Darby agreed and said that the way the endorsement information is currently collected, you would not get a count of exclusion endorsements. Darby asked participating statistical agents to provide information on how their endorsement data is currently collected.

Gerling asked how the year of construction is reported in an aggregate data set. Mike Puchner (AAIS) said the Statistical Handbook indicated grouping the years into ranges when the data is reported out to regulators. Gerling said there are very few elements that are numeric in this data set. He said there are many fields that would change

what a row would indicate. He said if the Working Group is considering expanding the data that is collected, they should be collecting more numeric fields that would not increase the number of rows.

Darby said the definition for year of construction is vague and could be confusing for construction versus renovation. She said the Working Group should consider updating this definition for clarity.

Darby said Section 8—Dwelling Fire includes a section on occupancy, separating seasonal and non-seasonal policy. She asked if the same section should be included in Section 7—Homeowners. Panesso said its homeowners policy definition requires the home to be owner-occupied and, therefore, would not allow for seasonal occupancy. Darby asked if collecting non-owner-occupied homeowners policies should be considered. She said she would like the participating statistical agents to clarify how they currently collect the occupancy information, and if the season and other-than-seasonal data are further split into owner-occupied and non-owner-occupied.

Gerling submitted language to update the exposure definition in Sections 7 and 8. He said the definition is similar to what Missouri uses in its data call. The definition says written dwelling months are reported in the year the policy is effective, and cancellations are netted out. The definition includes an example of how to report the written dwelling months.

Darby said the Working Group would continue discussing comments on Sections 1, 2, 3, 7, and 8 during its next meeting and opened Section 5—Private Passenger Auto for comment.

Having no further business, the Statistical Data (C) Working Group adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/C CMTE/2025_Summer/CASTF/SDWG/StatDataWGmin_604

Draft: 7/21/25

Statistical Data (C) Working Group
Virtual Meeting
May 14, 2025

The Statistical Data (C) Working Group of the Casualty Actuarial and Statistical (C) Task Force met May 14, 2025. The following Working Group members participated: Sandra Darby, Chair (ME); Brad Gerling, Vice Chair, and Jo A. LeDuc (MO); Charles Hale, Kyle Ogden, and Ken Williamson (AL); Qing He (CT); Colton Schulz (ND); Alexander Vajda (NY); Tom Botsko (OH); Andy Schallhorn and Landon Hubbart (OK); David Dahl (OR); and Nicole Elliott (TX). Also participating were: Luciano Gobbo (CA); Julie Rachford (IL); Borwen Lee (FL); John Sobhanian and Nichole Torblaa (LA); Phillip Glasovatz and Robyn Lowes (MI); Mari Kindberg (MT); and William Wilder (WA).

1. Discussed Comments on Statistical Handbook Sections 1, 2, 3, 7, and 8

Darby said the Working Group has been discussing comments submitted on Sections 1, 2, 3, and 7 of the *Statistical Handbook of Data Available to Regulators* (Statistical Handbook), and during the previous meeting, Section 8 was opened for comment.

Darby said during the last meeting, the Working Group discussed how the definition of “exposure” is not very descriptive and could be enhanced. Laura Panesso (Insurance Service Office—ISO) said the ISO does not collect the exposure months, but it calculates the exposure based on the effective month and year and the expiration month and year. Becky Konkle (National Independent Statistical Service—NISS) said the NISS collects exposure months, which are calculated by the companies. Jenny Tornquist (American Association of Insurance Services—AAIS) said an example would help to clarify this definition. Gerling agreed that the definition should include a mention of cancelled house months and provide an example.

Darby said the Working Group had discussed breaking out “fire caused by lightning” as a separate type of loss. Gerling said he would like to see this broken out so that states can use it to assess actual storm-related losses. Tornquist said AAIS has a category for lightning that would include fire caused by lightning and any other damage caused by lightning. Panesso questioned whether companies capture fire caused by lightning as a cause of loss instead of just fire. Darby clarified that the proposed change is to collect fire and removal, lightning, and fire caused by lightning as separate types of loss elements.

Tornquist asked if any other statistical agents are collecting smoke damage as a type of loss. Darby said smoke damage likely falls under “all other.”

Darby said the proposed buckets for the Amount of Insurance section would collect this data point at a much more granular level than what is currently collected for the *Dwelling, Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner’s Insurance Report* (Homeowners Report). Panesso said the ISO proposal reflects what it is already collecting and expands the Statistical Handbook standards to reflect the rising cost of home value and rebuilding costs.

Darby said the Working Group had previously discussed updating the Deductible section to collect both the total policy deductible and a wind/hail deductible. Vajda said he would like to see both deductibles. Albert Burton (Independent Statistical Service—ISS) said ISS is already collecting both deductible types. Representatives from ISO and AAIS stated they also collect these deductibles separately. Darby said she would like to bring this item up again during a future meeting.

Panesso said ISO submitted comments for Section 8—Dwelling Fire and Allied Lines, and these comments are in line with the suggestions made for Section 7—Homeowners. Gerling said it makes sense to adopt similar changes in both sections.

Darby said she would like to review Section 8's Policy Form section to ensure it currently includes everything regulators want to collect.

Gerling said Section 8.7—Specific Report Features states that exposures and premium are shown on an earned basis. He said that elsewhere within Section 8, exposures are defined as written dwelling months. Darby said that throughout the Statistical Handbook, there are discrepancies between what is being collected by statistical agents and what is required to be provided to regulators. Participating statistical agents confirmed that they are calculating earned premium from inception and cancellation dates.

Gerling said Section 8 is structured differently from Section 7. He suggested the Working Group look at each section's structure and try to align it to be more consistent in reporting. Darby asked NAIC staff to put together a side-by-side view of the listed data elements for both sections.

Darby said the Working Group would continue discussing comments on Sections 1, 2, 3, 7, and 8 during its next meeting.

Having no further business, the Statistical Data (C) Working Group adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/C CMTE/2025_Summer/CASTF/SDWG/StatDataWGmin_514

Draft: 6/11/25

Statistical Data (C) Working Group
Virtual Meeting
April 30, 2025

The Statistical Data (C) Working Group of the Casualty Actuarial and Statistical (C) Task Force met April 30, 2025. The following Working Group members participated: Sandra Darby, Chair (ME); Brad Gerling, Vice Chair (MO); Charles Hale, Kyle Ogden, and Ken Williamson (AL); Lori Dreaver Munn (AZ); Qing He, George Bradner, and Wanchin Chou (CT); Colton Schulz and Mike Andring (ND); Alexander Vajda (NY); Tom Botsko (OH); David Dahl and Ying Liu (OR); and Nicole Elliott (TX). Also participating were: Luciano Gobbo (CA); Julie Rachford (IL); Borwen Lee and Daniel Zhong (FL); John Sobhanian and Nichole Torblaa (LA); Gregory Ricci (MD); Phillip Glasovatz and Robyn Lowes (MI); Mari Kindberg and Ashley Perez (MT); Will Davis (SC); and William Wilder (WA).

1. Discussed Comments on the Statistical Handbook Sections 1, 2, 3, and 7

Darby said the Working Group has been discussing comments submitted on Sections 1, 2, 3, and 7 of the *Statistical Handbook of Data Available to Regulators* (Statistical Handbook).

Darby said the Insurance Services Office (ISO) made a comment that Section 7.6.11 should be updated to reflect higher deductible options, as well as collecting percentage deductibles. Vajda asked if the deductible amounts need to be restricted to only certain amounts. Darby said they do not need to be restricted, and the amounts provided by the ISO in its comment likely reflect its current offerings.

Birny Birnbaum (Center for Economic Justice—CEJ) said if the Statistical Handbook dictates summary reporting, then deductible amounts would have to be defined and restricted to certain categories. He said if the Statistical Handbook dictated transaction reporting, then actual deductible amounts would be reported for each policy. He said transaction-level reporting would avoid having to readjust deductible bucket amounts in the future. Becky Konkle (National Independent Statistical Service—NISS) said the NISS has a very low number of percentage deductibles. Darby said the Working Group should work with the statistical agents to figure out how they are currently receiving the deductible information and the best way to get that information reported to regulators.

Bradner said the Working Group should collect and report both the standard deductible and any additional peril deductibles. Darby agreed and said that currently, the Statistical Handbook only dictates to report a wind/hail deductible if it is separate from the standard deductible. Darby said the Working Group will need to work on suggested language to clarify that both a standard deductible and a peril deductible should be reported.

Darby said the ISO commented to increase the reported amount of insurance in Section 7.6.12 from reporting to the nearest thousandth up to \$998,500 to reporting to the nearest thousandth up to \$9,998,500. Darby suggested the Working Group examine the current amount of insurance buckets collected for the *Dwelling, Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner's Insurance Report* (Homeowners Report).

Gerling said the definition of exposure basis in Section 7.6.13 should be expanded and clarified. He said the definition should include an example of how a company should report cancelled policies. Munn said the Working Group should review definitions from other data collection efforts and align the definitions for clarity. Darby said this section relates to Section 7.6.3, and the Working Group should align both definitions within the Statistical Handbook.

Darby said the ISO commented that Section 7.6.14 should include paid allocated loss adjustment expense and case-basis outstanding allocated loss adjustment expense. Botsko said this section should include the option to report as a defense and cost containment expense.

Darby said the ISO commented that Section 7.6.16 should be updated to include wildfire as a type of loss. The Working Group agreed. Gerling suggested separating fire caused by lightning from the fire, fire caused by lightning, and the removal line. He said this would help inform storm-related losses. Jenny Tornquist (American Association of Insurance Services—AAIS) said the AAIS has lightning as a separate cause of loss and would be able to report this way.

Darby said the ISO's comment suggested adding the number closed without payment to Section 7.6.16—Claim Count. Nancy Clark (ISO) said this data element is requested in other data calls, and it makes sense to include it in the statistical data reporting. Vajda said companies count and report claims differently, and the Working Group should take that into consideration when defining claim counts in the Statistical Handbook.

Darby said the Working Group would continue discussing comments on Sections 1, 2, 3, and 7 during its next meeting.

Having no further business, the Statistical Data (C) Working Group adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/C CMTE/2025_Spring/CASTF/SDWG/StatDataWGmin_430

Draft: 6/10/25

Statistical Data (C) Working Group
Virtual Meeting
April 9, 2025

The Statistical Data (C) Working Group of the Casualty Actuarial and Statistical (C) Task Force met April 9, 2025. The following Working Group members participated: Sandra Darby, Chair (ME); Brad Gerling, Vice Chair, and Cynthia Amann (MO); Charles Hale (AL); Lori Dreaver Munn and Tom Zuppan (AZ); Qing He and George Bradner (CT); David A. Christhlf (DC); Christian Citarella (NH); Alexander Vajda (NY); Maureen A. Motter (OH); Landon Hubbard (OK); David Dahl and Ying Liu (OR); and J'ne Elizabeth Byckovski (TX). Also participating were: Luciano Gobbo (CA); Borwen Lee and Daniel Zhong (FL); John Sobhanian (LA); Phillip Glasovatz, Robyn Lowes, and Chris Slovinski (MI); Mari Kindberg and Ashley Perez (MT); Mike Andring (ND); and William Wilder (WA).

1. Discussed Comments on the Statistical Handbook Sections 1, 2, 3, and 7

Darby said that during the last meeting, the Working Group voted to remove Section 13—Glass Reports from the *Statistical Handbook of Data Available to Insurance Regulators* (Statistical Handbook), as there is very little data reported.

Qing He said in Section 7.3, which discusses additional coverages such as credit card and debris removal, the Working Group should consider adding other coverages, including identity theft.

Darby said in Section 7.3, the Working Group should consider including the HO-7 form in the mobile home section. Al Burton (Independent Statistical Service—ISS) said ISS does not collect mobile home data on an HO-7 form, but it does have other ways of identifying if a policy is covering a mobile home. Bradner said the Statistical Handbook should make mobile home reporting clear and consistent.

Darby said the Insurance Services Office (ISO) recommended removing the sentence in Section 7.5 that states, “Where no notation is made, the item applies to both.” Darby said removing this sentence and the asterisks next to certain data items would require all data items to be reported for both homeowners and mobile home owners.

Darby said the ISO commented to delete “territory” from the ZIP code or territory data item and change “Year of Loss” to “Date of Loss.” The Working Group agreed to both of these changes.

Darby said the Working Group needs to review the list of data items listed in Section 7.5 and determine if there is anything else that should be added. Gerling said the Working Group should consider adding data items for the count of policies and coverage limits. He said it should consider the types of data being collected by the NAIC Homeowners Market Data Call. Bradner said it does not want to replicate the data call, and there are two ways of getting the same information. Darby said that since statistical data collection has been around for a long time, it could mean it could expand what is collected here, and other data calls would not be necessary.

Darby said in Section 7.6, the ISO commented that “HO Only” should be removed from the “Type of Business” line so that this information is collected for both homeowners and mobile home owners. The Working Group agreed.

Darby asked statistical agents to clarify whether they are receiving written premium and earned premium or using a calculation to estimate earned premium. Rob Curry (ISO), Mike Puchner (American Association of Insurance Services—AAIS), and Burton said their companies receive written premium and calculate earned premium based on the policy period.

Darby said the ISO commented to remove “policy form not applicable” under “mobile home” in Section 7.6.6 and to add policy forms HO-7 and Other. Darby suggested that this section be changed so that all policy types are available to report for either line of business. Bradner agreed, saying that mobile home policies can be written on a number of different homeowners policy forms.

Darby said the ISO commented on adding manufactured homes as a construction type in Section 7.6.7 and to add a new section to collect information on property mitigation designation. Darby suggested allowing this section to be updated as needed since this is an evolving space. ISO also commented to add manufactured homes to the definition of “Year of Construction.” The Working Group agreed to these changes.

Darby suggested the Working Group consider breaking out the protection codes and collecting the actual code number instead of collecting Protected (1-8) and Unprotected (9-10). Becky Konkle (National Independent Statistical Service—NISS) said it does not collect the individual codes and only collects as the Statistical Handbook currently indicates.

Darby said the ISO commented on removing the note on only collecting statewide totals under Section 7.6.10—Miscellaneous Endorsements. The ISO suggested adding actual cash value (ACV) roof settlement, wind exclusion, wildfire exclusion, and other peril-specific exclusions to this section. Darby asked the statistical agents to make sure that they would be able to provide endorsement information on the ZIP code level.

Darby said the Working Group would continue discussing comments on Sections 1, 2, 3, and 7 during the next meeting.

Having no further business, the Statistical Data (C) Working Group adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/C CMTE/2025_Spring/CASTF/SDWG/StatDataWGmin_409

Draft: 4/22/25

Statistical Data (C) Working Group
Virtual Meeting
March 19, 2025

The Statistical Data (C) Working Group of the Casualty Actuarial and Statistical (C) Task Force met March 19, 2025. The following Working Group members participated: Sandra Darby, Chair (ME); Brad Gerling, Vice Chair, and Cynthia Amann (MO); Charles Hale (AL); Lori Dreaver Munn and Tom Zuppan (AZ); Qing He and George Bradner (CT); David A. Christhlf (DC); Christian Citarella (NH); Alexander Vajda (NY); Maureen A. Motter (OH); Landon Hubbard (OK); David Dahl and Ying Liu (OR); and J'ne Elizabeth Byckovski (TX). Also participating were: Luciano Gobbo (CA); Lee Borwen and Daniel Zhong (FL); John Sobhanian (LA); Phillip Glasovatz, Robyn Lowes, and Chris Slovinski (MI); Mari Kindberg and Ashley Perez (MT); Mike Andring (ND); and William Wilder (WA).

1. Discussed Comments on Statistical Handbook Sections 1, 2, 3, 7, and 13

Darby said that during the Working Group's last meeting, Sections 1—Introduction to the Handbook and to Statistical Reporting; 2—Data Quality for Insurers and Statistical Agents; 3—Reports Available from Statistical Agents: Summary; 7—Homeowners and Mobilehome Reports; and 13—Glass Reports of the *Statistical Handbook of Data Available to Regulators* (Statistical Handbook) were opened for comment. She said comments were received from the Center for Economic Justice (CEJ) and the Insurance Services Office (ISO).

Birny Birnbaum (CEJ) said Section 1 describes the purpose of statistical data collection as for rate review, but as seen with recent data calls, regulators need to collect data for various purposes, including analysis of availability and affordability. He said the current data does not allow regulators to use it for its intended purpose. He said data collected by regulators is collected in silos and that the way to reduce silos is to start collecting more granular data that can be used for a variety of purposes.

Birnbaum said Section 1.5—The Statutory Foundation for Statistical Reporting should be updated to reflect the variety of data sources not subject to regulatory oversight. He added that Section 1.5 should discuss advisory organizations.

Birnbaum said Section 1.7—Relation of the Statistical Handbook to the Model Regulation to Require Reporting of Statistical Data by Property and Casualty Insurance Companies refers to a model law, but the framework should include the commissioner's authority to: 1) collect data from insurers; 2) collect the data pursuant to a promulgated statistical plan; and 3) designate a statistical agent to collect data from insurers on behalf of the commissioner.

Birnbaum said Section 1.8—Confidentiality of Statistical Data should specify certain data as public because it cannot implicate any trade secret exemption from a state's public information law, including industry aggregate data at any level of geographic detail and insurer-specific data at the state level. These examples should not be interpreted as other data compilations are non-public information, but the public reporting of the examples should not be controversial.

Birnbaum said Sections 1.9—Scope and 1.10—Role and Responsibility of the Statistical Data (C) Working Group would need to be updated based on changes to the Statistical Handbook's structure and content. He added that the Statistical Handbook needs to be updated to reflect a different type of data collection. He said collecting anything other than transaction-level data will not improve the data or timeliness that regulators aim to achieve.

Munn said the Working Group should look at developing a data dictionary in addition to making updates to the Statistical Handbook. Bradner agreed that the NAIC should have a data dictionary for consistency in the data being requested, and insurers can be consistent with the data they submit. Birnbaum said the data dictionary should be incorporated into a statistical plan. Jenny Tornquist (American Association of Insurance Services—AAIS) said the AAIS has been working on an open-source insurance data standard and will soon release a white paper on the topic. Nancy Clark (ISO) said the ISO is working on a regulatory data repository that will be available for regulators to preview soon. Amann said the Cybersecurity (H) Working Group is working on a cyber dictionary and has a workstream looking at other NAIC data calls to put together a master dictionary for all NAIC data calls.

Birnbaum said another issue to address is the timing and access of data. He said that reporting is currently about two years behind the data year due to the need to wait for losses to develop. He said there are other reasons to collect statistical data beyond analyzing losses, and the data should not have to wait for those losses. He said regulators should be able to access data on an ongoing basis.

Clark said the ISO looked at what data was requested in the Statistical Handbook and what data is requested elsewhere in order to avoid duplicate data collections. She said that for Section 7, the ISO suggests making ZIP code a mandatory field, adding data elements on mitigation, expanding deductible and amount of insurance information, and adding date of loss in place of year of loss. Birnbaum said this could all be achieved by transaction-level reporting.

Darby said the ISO submitted comments on Section 13, which stated that the section should be eliminated, given the low volume of data submitted.

Munn made a motion, seconded by Gerling, to eliminate Section 13 from the Statistical Handbook, with a footnote explaining the removal. The motion passed unanimously.

Birnbaum said that just because data elements are reported elsewhere within regulatory data collection does not mean they should not be included in the statistical plans. He said if the statistical plan included transactional data, it could eliminate the need for the other data collection projects. He said other data collection avenues have proved to be too slow for what regulators need. Darby noted that the NAIC is creating a group to look at the various data collection projects and how they align with each other.

Darby said the Working Group should look at the timing of reporting with input from statistical agents. Birnbaum suggested at least quarterly reporting. He said the Statistical Handbook should also address regulators' need for ad hoc reporting. Munn said the timing issue should be addressed after all the sections have been updated.

Having no further business, the Statistical Data (C) Working Group adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/C CMTE/2025_Spring/CASTF/SDWG/StatDataWGmin_319

Attachment Nine

NAIC Model Review Manual Exposure Comments attached.

NAIC Model Review Manual document can be found on the [Task Force Web page under Documents](#).

From: ZEMAN, ROBERT <Bob.ZEMAN@allstate.com>
Sent: Friday, July 25, 2025 3:26 PM
To: DeFrain, Kris <kdefrain@naic.org>
Cc: ZEMAN, ROBERT <Bob.ZEMAN@allstate.com>
Subject: FW: DRAFT NAIC CASTF Model Review Manual

Hi Kris, here are the comments from Allstate on the Draft Model Review Manual. Let me know if you have any questions. Thank you!

Allstate appreciates the opportunity to provide these comments on the NAIC Model Review Manual dated 6/5/25. Allstate recognizes the additional transparency that publication of this draft manual provides. We asked our company experts including but not limited to those involved in the filing process to review the manual and offer insights on the draft.

Our overriding comment is that we respectfully suggest the manual, and the process it is designed to reflect, allow additional opportunities earlier in the process for dialogue with the insurer making the model filing to answer questions and give context to the filing. This could further assist NAIC and state DOI staff in their review of the filing. Our staff indicated they of course would be willing to answer questions at any point throughout the review process.

Our staff understands that NAIC has indicated it will not share information as to which states have signed the agreement with the NAIC. While we respect that point of view, we suggest it could be useful for insurers to know which states participate in the review process and have access to prior NAIC reports. For example, for states that have signed the agreement, our filing memos could be tailored to identify existing model reports that could in turn help expedite another state's review.

It would also be helpful if the process would provide for notification to the filing company that the filing is being reviewed by the NAIC Model Review team. This could help the company respond to subsequent requests by other states for information relating to the filing. It would also help the company more efficiently plan for future filings.

Our staff indicated it would be helpful to receive, at some point in the process, a copy of the NAIC team's report relating to analysis of the company's filing. While we understand the report is prepared by the NAIC team to assist a given state in its review, the information

and feedback could help the company modify future filings and help shape responses to subsequent inquiries.

Similarly, our experts indicated it would be helpful to know if possible what information exists about review by the NAIC team of similar filings made by other insurers. This would be relevant in instances where we are considering a “me-too” filing consistent with law and procedure for such filings in a given state.

Our comments are given in the spirit of offering thoughts designed to help provide a more efficient process for the benefit of regulators, insurers and the consumers we serve.

Bob Zeman

Allstate

Rzema@allstate.com

July 17, 2025

Kris DeFrain, MAAA, FCAS, CPCU
Director of Research and Actuarial Services
National Association of Insurance Commissioners (NAIC) Central Office
(via email: kdefrain@naic.org)

RE: Draft Model Review Manual Comments

Dear Ms. DeFrain,

Thank you for this opportunity to provide feedback regarding the NAIC Model Review Manual.

APCIA¹ supports actions that assist in understanding and reviewing models. While most of the requirements are feasible, some seem unlikely to provide value. It is not clear what the intended use of some the information gathered may be. NAIC's actions on the data collected could lead to inappropriate regulation which would negatively impact our shared goal of assuring that premiums and reserves are aligned with risk.

Our members' concerns are outlined below.

1. Data Gathered Before Submission to the NAIC

(Including High-level comments on Appendix C)

- **General Concern:** Model Checklists are overly prescriptive and create the risk of limiting metrics that are more relevant than those addressed in the Checklists.
 - We recommend allowing greater adaptability in the selection of statistical metrics used to demonstrate appropriate model validation. The same metrics may not be suitable for all model types or use-case scenarios.
- **General Concern:** Model checklist requirements are excessively detailed.
 - We suggest refocusing the checklist on key areas such as model validation and usage, rather than emphasizing detailed technical aspects of model development.

2. Detailed Suggestions on the Model Checklists

- **General comments**

¹ The American Property Casualty Insurance Association (APCIA) is the primary national trade association for home, auto, and business insurers. APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers, with a legacy dating back 150 years. APCIA represents the broadest cross-section of home, auto, and business insurers of any national trade association. APCIA membership consists of over 1,200 member companies (or over 315 member groups). APCIA member companies P&C countrywide market share is 67% (total 75% commercial lines, 57% personal lines).

We recommend a less prescriptive approach. Regulators should identify critical validation concepts but allow companies flexibility in demonstrating validation. Prescriptive mandates impose undue burdens, especially when companies use comparable yet differing validation methods.

Specific examples include:

- P-values and confidence intervals do not always provide meaningful validation for parameter estimates, since their usefulness varies with the size of the dataset and other considerations. Flexibility to utilize alternative methods should be permitted.
 - Companies should have the flexibility to choose various suitable metrics to assess model performance. For instance, Lorentz curves can be used to effectively validate overall model performance.
 - Shapley values may provide more meaningful views of variable importance as opposed to Variable Importance Plots in certain contexts. Flexibility in selecting appropriate methods should be allowed.
 - The number of categories used in quantile plots should reflect data specifics, model application, and dataset size. A fixed number (e.g. 20 categories) does not always provide the optimal validation information.
- **Essential Information Sections**
 - Clarification is needed on the term "target consumer," as its meaning is unclear and potentially ambiguous across multiple checklists.
 - **Sometimes Needed Information Sections**
 - Requiring detailed individual credentials for modeling team members, especially in larger companies where staffing may rotate during the course of a multi-year modeling project, creates excessive administrative burden. If individual credentials, as opposed to model information, is considered relevant from a regulatory perspective, it would be more practical to request qualifications only from the lead modeler accountable for the model's overall development.

3. Focus on Nationally Significant Companies and Licensed Third Parties

- **General Concern:** Company size alone is not a reliable indicator of model risk and should not be the criterion for achieving impactful regulatory oversight.
 - Larger companies may often have more resources to hire skilled modelers, develop proprietary models, or tailor third-party models to have a better fit to their books of business.
 - Relying solely on size may inadvertently confer an unfair competitive advantage to some firms, potentially stifling innovation while not addressing the risk of inadequately resourced models use by other firms.

- **Recommendation:** We suggest that the NAIC consider incorporating additional or alternative criteria beyond company size.
 - Possible criteria include:
 - The ratio of market conduct complaints to policies in force.
 - A qualitative evaluation of an insurance group's Model Risk Management framework or other relevant governance framework, as assessed by the group's lead regulator. For example, if a qualitative scale of A (highest rated), B (medium rated), or C (lowest rated) were used to rank model risk governance frameworks, prioritizing a C rated company over an A rated company may result in more impactful regulatory oversight. Such a qualitative rating could be applied alone or in conjunction with company size.

4. Factors of Tree-Based Model

A simple decision tree will have a limited number of "factors," which can easily be expressed by a series of if/then statements ("if A, B, ~C, D, E, ~F, G, then \$2,300"). Such a tree would lead to dozens, perhaps hundreds of factors at most. In practice, companies generally don't use such a simple tree in a regulatory process, and may use methods such as Random Forests or Gradient Boosting Machines. In those cases, the model would be based on hundreds or thousands of underlying trees, each potentially with its own set of factors. The ensembled trees with different sets of features could lead to additional challenges with compliance:

- Column C (current factor): There is no sense in which any tree in the proposed model corresponds to a specific tree in a current model. It is not feasible to present a set of proposed and current factors in this manner.
- Column D, E, F (indicated factor): It is neither efficient nor practical for data scientists and companies to adjust factors in these models as they might in GLMs. It is reasonable to assume that these columns will always be equivalent. Submitting them for regulation would be practical but meaningless.
- Presentation: While it is possible to show every single tree, the weights applied to each tree, and the if/then statements that represent which leaf of each tree would get activated, it is not clear how the NAIC intends to use the lengthy documentation which may have no added value and insight. We request that the intended process for using this data is shared before the close of the review period.
- Table of every possible combination: This is no more feasible for decision trees (or neural nets) than it is for GLMs. We request that the usage of such information for GLM regulation in the past is shared before the close of the review period.

Additional comments for neural nets

We are confused by the thrust of this section which implies that neural nets are synonymous with classification. It is neither the case that neural nets can only be used for classification, nor that classification can only rely on neural nets. Due to their layered structure and nonlinear transformations, the "factors" in neural networks may be even less meaningful to regulators than they are for decision trees. We believe that this serves to illustrate the concerns expressed above in the comments in the decision tree section.

Please do not hesitate to contact me with questions.

Thank you,



Norman Miami, FCAS, MAAA, Affiliate IFoA

Vice President, Actuary, Policy, Research and International

Norman.Miami@APCI.org

Cell: 202-880-4082



317.875.5250 | [F](tel:317.879.8408) 317.879.8408
3601 Vincennes Road, Indianapolis, Indiana 46268

202.628.1558 | [F](tel:202.628.1601) 202.628.1601
20 F Street N.W., Suite 510 | Washington, D.C. 20001

July 25, 2025

Commissioner Bettencourt (NH), Chair
NAIC Casualty Actuarial and Statistical (C) Task Force
c/o Kris DeFrain, Director, Research and Actuarial Department
Via email kdefrain@naic.org

Re: NAMIC Comments on the Casualty Actuarial and Statistical (C) Task Force's NAIC Model Review Manual

Dear Commissioner Bettencourt and Members of the Committee:

On behalf of the National Association of Mutual Insurance Companies (NAMIC)¹, we would like to thank the NAIC Casualty Actuarial and Statistical (C) Task Force for requesting and accepting comments on its recent NAIC Model Review Manual exposure. NAMIC appreciates the Task Force's attention to transparency in how the rate model reviews are conducted on behalf of states, as well as the effort to streamline the review process across states to achieve efficient speed-to-market. That said, we do wish to emphasize the importance of adhering to proper procedure and state specific laws for contracting directly with states.

NAMIC has substantive comments on the draft exposure below, and we are looking forward to continuing robust dialogue as the Task Force continues its review process.

SUBSTANTIVE COMMENTS BY DOCUMENT

[1] NAIC Model Review Manual

The original concept of contracting with the NAIC and using its staff for rate model reviews was rooted in the intent to provide a streamlined and technically consistent process, particularly as state Departments of Insurance work to develop their own internal expertise and staffing capacity. Given the principles and intent behind the process itself, transparency behind the need for, and genesis of, any changes to the process are of utmost importance. In an effort to more fully understand the changes being proposed, NAMIC requests greater clarity in the areas of the manual outlined below.

The comments we outline below are provided notwithstanding the fact that we strongly encourage Departments to prioritize rebuilding and maintain suitable in-house staffing levels. Preserving these functions at the Departments, where the statutory and regulatory authority ultimately resides, will help

¹ The National Association of Mutual Insurance Companies consists of nearly 1,500 member companies, including seven of the top 10 property/casualty insurers in the United States. The association supports local and regional mutual insurance companies on main streets across America as well as many of the country's largest national insurers. NAMIC member companies write \$391 billion in annual premiums and represent 68 percent of homeowners, 56 percent of automobile, and 31 percent of the business insurance markets. Through its advocacy programs NAMIC promotes public policy solutions that benefit member companies and the policyholders they serve and fosters greater understanding and recognition of the unique alignment of interests between management and policyholders of mutual companies.



ensure that oversight remains closely aligned with the needs and legal responsibilities of each individual state.

[a] Introduction

NAMIC recommends that the Model Review team apply and rely upon relevant Actuarial Standards of Practice, and other actuarial principles related to the ratemaking process, in addition to ensuring compliance with applicable state statutes and regulations.

Additionally, the manual does not provide definitions for “complex predictive models” nor for “predictive models;” to create consistency from an actuarial standpoint, NAMIC recommends replacing these terms with simply “model” and utilizing the definition adopted in 2019 with ASOP 56.²

[b] Rate Review Support Services Agreement

Confidentiality continues to be a high priority for members, particularly in the case of model reviews, which often contain highly sensitive trade secret information from an insurance company. In this vein, NAMIC recommends:

1. The manual should include a page that lists all participating states and each state’s specific authority for sharing information with the NAIC, along with mandating the NAIC’s confidential treatment of the information. As we expressed during the development and execution of the Property Casualty Market Intelligence data call, companies want to provide all required information but will only do so with the confidence in statutory confidentiality.
2. NAIC exposure of the master Information Sharing and Confidentiality Agreement referenced in the manual.
3. Articulating how confidentiality will be maintained on the information is uploaded into the database. For example, will access be audited and maintained to ensure only appropriate stakeholders can access confidential information?
4. Establishing and maintaining open communication with the filing insurance company and sharing of any written report created by the NAIC to the insurance company.

[c] State, Insurer, and Model-Type Priorities

We are concerned this area of the manual may introduce inefficiencies into the filing process, which contradicts the stated goal of providing faster speed-to-market. Focusing primarily on “nationally significant companies” raises issues of fairness, as all insurers- regardless of size- should be subject to consistent regulation by the states. Additionally, based on member feedback, it has generally been an insurer’s experience that the NAIC review process tends to be slower than current state reviews, notwithstanding the commitment to a 30-day turnaround. Finally, limits on the number of NAIC reviews allowed per state each month could cause delays in filings, hindering timely market access.

² <https://www.actuarialstandardsboard.org/asops/modeling-3/>



[2] The Rate Review Support Services Agreement

NAMIC appreciates the opportunity to review a currently in-force agreement between the NAIC and Maine. Providing this is an outstanding example of genuine transparency in the spirit of collaboration that can improve safety and confidence for all stakeholders. The agreement appears to be strong, primarily because of its reliance on Maine statutes. Not all states currently have similarly strong statutory protections, which may create gaps or weaknesses if they execute comparable agreements that lack explicit protection.

With this in mind, we have recommended amendments for the agreement that would enhance the confidentiality protection of companies:

- 8. **As between the parties**, the NAIC agrees that the Confidential Information disclosed by the BOI remains the property of the BOI and agrees that it will take no action the effect of which would be to limit, waive or jeopardize any privilege or claim of confidentiality **held by the BOI or any other third party** related to the Confidential Information.
- 10. With the exception of the Report described herein, **and any Confidential Information or any derivatives thereof**, the NAIC retains any and all rights, title and interest in any work papers, methodologies, models, standards, and any other type of material whatsoever ("Proprietary Materials"), which it may have developed or employed in the performance of the Support Services under this Agreement, and neither the BOI nor the State of Maine shall have any right, title or interest in or to the Proprietary Materials for any purpose. The BOI agrees to take no action adverse to the rights of the NAIC as owner of the Proprietary Materials.
- Suggested additional new paragraph **19. To the extent any of the Confidential Information shared by the BOI with the NAIC under this agreement originates from a third party, such third party is an intended beneficiary of the Confidential provisions set forth in this Agreement.**

[3] Appendix C

[a] Page 3- Generalized Linear Model (GLM) List

NAMIC requests the task force clarify, and make explicit in the manual, what is considered a "new model" vs a "state-specified version of a model" vs a "refresh." By way of example, because many areas of a model can be adjusted, it is unclear what would constitute the threshold for a "new model".

[b] Page 4- GLM Data

Relative to the GLM data section, NAMIC provides the following feedback:

1. NAMIC has concerns around the point in the manual that requests a listing of the rational explanation for each modeled variable and why it would plausibly impact insurance risk. Variables are selected based on correlation with loss experience. A rational explanation can be interpreted differently and therefore could introduce subjectivity biases into the analytical process which is not supported by ratemaking practices.



2. The request for 100 anonymized sample modeling records is a very large number given the need to provide all possible values. For consistency and to reduce supply and review burden, we suggest reducing to 10 records as requested on page 7.
3. The request for SERFF filing numbers where the use of data was previously approved warrants more clarity. Not all states require a filing to be approved, or generally a rate filing may be approved not specifically data.

SUMMARY

In summary, thank you again to the Task Force for allowing NAMIC to submit comments in response to the exposure of the NAIC Model Review Manual and associated documents. We look forward to continued discussions with the Task Force through robust and transparent conversations on this matter. NAMIC and our members seek to achieve efficient and effective methods of review as well as processing of model reviews in order to maximize speed-to-market. Such results are inherently beneficial not only to the Departments of Insurance, but companies and consumers alike, and fosters competitive marketplaces.

Sincerely,

Erica Weyhenmeyer, CPCU, AIE, MCM
Policy Vice President – Market Regulation & Workers' Compensation
NAMIC

From: Herrington, Whitney <Whitney.Herrington@flood.com>
Sent: Monday, July 7, 2025 11:46 AM
To: DeFrain, Kris <kdefrain@naic.org>
Subject: RE: Updated FW: CASTF Exposure: NAIC Model Review Manual

Good morning Kris,

Our team has the following to submit for the exposure:

CASTF may consider revising the section titled “SERFF Access” under “Rate Review Support Services Agreement” on page 4.

Here is the current language:

SERFF Access

The System for Electronic Rate and Form Filing (SERFF) allows insurers, advisory organizations, and third-party filers to submit insurance product filings (typically rate, rule, and form filings) electronically to state insurance regulators. This is a multi-state electronic filing system (licensed in all jurisdictions), but SERFF access is limited to a regulator’s individual state. NAIC Staff will request access to every state with a signed Rate Review Support Services Agreement.

Access to NAIC and State Reports

Access to the Model Database and NAIC or state reports is restricted to regulators only.

REVIEW SUBMISSIONS AND DUE DATES

Before submission of a review request, the regulator will check the model database to see if the model has already been reviewed. Upon receipt of a regulator’s request to review model support and/or objections (compliance issues), NAIC Staff will review the model complexity and the current state of the filing’s supporting documentation. NAIC Staff will reply within 2 business days to share their availability and a date of when they can complete a review. The regulator will respond whether that date is acceptable, or they wish to withdraw the model review request.

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Page 4

This does not account for states that do not use SERFF for rate filings. In these cases, would the NAIC team need direct access to the state’s filing system?



Whitney Herrington

Research and Projects Coordinator

whitney.herrington@floir.com

Office: (850) 413-5017

**Florida Office of
Insurance Regulation**

200 East Gaines Street,
Tallahassee, FL 32399

www.FLOIR.com

From: Meyer, Connor (COMM) <connor.meyer@state.mn.us>

Sent: Tuesday, July 1, 2025 6:02 PM

To: Kloese, Sam <skloese@naic.org>

Cc: DeFrain, Kris <kdefrain@naic.org>

Subject: RE: Updated FW: CASTF Exposure: NAIC Model Review Manual

Hi Sam,

I just wanted to follow up about this question I had regarding the 7-year retention for modeling datasets on the Model Review Team checklists, and also I had one additional question about the checklist for neural networks.

On the fourth page of the neural network checklist (Neural Network Model Validation), one of the items is:

- A confusion matrix arranged as follows:
 - Predicted Class in the row names
 - Actual Class in the column names
 - Test Dataset count in the table

I am wondering if this item should also include a confusion matrix for any holdout/validation datasets rather than just the testing dataset, since holdout/validation datasets are also often utilized. If you're looking for feedback on the checklists, and think it would be a good idea to have confusion matrices for holdout datasets as well, perhaps this item of the checklist could be revised to:

- A confusion matrix for the Test and/or Holdout Datasets arranged as follows:
 - Predicted Class in the row names
 - Actual Class in the column names
 - Test Dataset (and/or Holdout Dataset) count in the table

Please let me know your thoughts on this matter.

On Jun 30, 2025, at 4:25 PM, Meyer, Connor (COMM) <connor.meyer@state.mn.us> wrote:

Hi Kris,

Phil Vigliaturo forwarded me the NAIC Model Review Manual that is being exposed for comments. I'm not sure if this is the kind of comment/question you were looking to get, but I was wondering about one of the items on the Model Checklists in Appendix C. All the checklists have a line about guaranteeing that the modeling dataset will be retained for at least 7 years. I was wondering what the reasoning behind this is, and why it is deemed as "Essential Information" on the checklists rather than "Sometimes Needed Information". Does it come from an academic paper or an ASOP?

Again, I'm not sure if this is the kind of comment you were looking to get since it's more to do with the checklists rather than the Manual. Could you perhaps pass this question along to the Model Review Team?

Thanks,

Connor Meyer

Actuarial Analyst

651-539-1759

mn.gov/commerce

Minnesota Department of Commerce

85 7th Place East, Suite 280 | Saint Paul, MN 55101

<image006.png>

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Washington State Comments

NAIC Model Review Manual

BACKGROUND

The NAIC model review project officially began in April 2018 when the Executive Committee adopted the recommendation of the Big Data (EX) Working Group to direct NAIC management to “conduct research on the appropriate skills and potential number of resources for the organization to help NAIC members in coordinating their reviews of predictive models.” NAIC senior management conducted the research and recommended gradual build-up of expertise at the NAIC to aid regulators’ review of P/C rate models.

In 2019 with existing actuarial, legal, and IT staff, the NAIC did 3 things:

- 1) Drafted a contractual agreement called the Rate Review Support Services Agreement (Appendix A) to be used so a state can gain access to the model database and can request a rate model technical review from the NAIC.
- 2) The NAIC developed the initial NAIC rate model technical review process with a consulting Actuary, and
- 3) the NAIC created a model database for confidential regulatory communication.

The NAIC does not do the following actions:

- Assume any regulatory authority,
- Create objections (“compliance issues”) to be sent to the company,
- Recommend acceptance or rejection of the model or any specific rating variable and,
- Separate analysis to determine any correlation with unlawful characteristics or to assess disparate impact.

Model reviews conducted by NAIC Staff were initially guided by the NAIC white paper *Regulatory Review of Predictive Models* (Attachment 2). This includes the initial paper and Appendices for different types of models adopted by the Task Force over time.

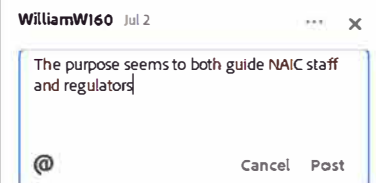
INTRODUCTION

This *Manual* is intended to **guide NAIC Staff** to assist insurance regulators in the state’s review of predictive models. The aim is to provide a consistent and documented review of complex predictive models used in insurance products while providing appropriate speed to market. To the extent possible, the *Manual* is intended to add uniformity when NAIC Staff produce reports applicable to all states. Compliance with a state’s laws and regulations will be performed by the state insurance regulator.

RATE REVIEW SUPPORT SERVICES AGREEMENT

This Rate Review Support Services Agreement (Agreement) identifies the NAIC services that can be requested and utilized:

- 1) Rate Model Reviews: Develop reports so state insurance regulators can review and decide if the insurer’s rate model support is in compliance with state law and regulations.



NAIC Model Review Manual

Review submissions should include any specific instructions. The Task Force can also request that specific policy questions be answered with each NAIC model review.


After a model is reviewed in one state, Comparison Reports were completed to compare an insurer's model in one state with the model reviewed in another state. At this time with limited NAIC resources, NAIC Staff will only create Comparison Reports if there are current resources available in the 30 days following the request. A Comparison Report template is maintained by NAIC staff.

STATE, INSURER, AND MODEL-TYPE PRIORITIES

1. Data Gathered before Submission to the NAIC

- **Objective:** Ensure complete support documentation is received from the insurer prior to asking for an initial report from the NAIC. This should facilitate a smooth and more efficient review process. Insisting that companies provide complete information will reduce the review time of a model and will effectively reduce the number of NAIC reports per filing by one.
- **Process:**
 - States will be responsible for collecting and compiling relevant model support information prior to NAIC review.
 - The NAIC Model Checklist (Appendix C) provides information that must be submitted by regulators to the NAIC. The current Appendix C contains only GLM information. The Task Force will add the following to the GLM information in Appendix C: 1) checklists for non-GLM models, 2) modifications to support information when a model is a refresh to a previously filed model, and 3) guidance for any other special circumstances (e.g., specific components of a telematics filing to be reviewed).
 - States are encouraged to continually update their model filing requirements in SERFF upon adoption of new guidance from the Task Force.
 - Regularly review and adjust model support requirements to maintain efficiency and relevance.

2. Focus on Nationally Significant Companies and Licensed Third Parties

- **Objective:** Prioritize NAIC efforts on entities with the greatest impact.
- **Process:**
 - Limit NAIC review work to  top 20 insurance groups (by market size) and third-party vendors licensed or operating in 10 or more states.
 - Exceptions may arise; as in the case of an innovative modeling approach initiated by a smaller company or a new product.

3. Scheduling with Priorities -- Limiting the Number of Reports by State

WilliamW160 Jul 23

... X

I'm glad there can be exceptions to this since having to say no to a filer just because they are a smaller insurer would have some difficult political ramifications.

Reply or use @ to invite others

NAIC Model Review Manual

NAIC STAFF RESOURCES

The Task Force will quarterly evaluate the queue of filings and the NAIC model review staff/resources. If the Task Force and/or Task Force leadership determine regulatory needs are not being met, the Task Force will first attempt to find efficiencies or suggest using other resources. If the Task Force wishes the needs to be met by NAIC Staff, the Task Force chair will discuss NAIC resources with the chair of the Property and Casualty Insurance (C) Committee.

MANUAL REVISIONS

NAIC will evaluate the prioritization and utilization of NAIC resources to ensure that they are meeting the needs of those states participating in this process. Suggestions for improving or correcting information contained in the *Manual* may be made via written proposal to the Task Force. The Task Force will determine if changes should be made. Substantive changes made will be discussed in open session, while mechanical corrections (e.g., editorial or typographical changes) will be made without announcement or discussion.

APPENDIX

- A. Rate Review Support Services Agreement Template
- B. The Task Force's white paper and all adopted appendices
- C. NAIC Model Checklists

WilliamW160 Jul 23 ... X

I'd prefer more active language than "discuss".
Something like "advocate" or "encourage" or
"partner with ... to develop a plan".

Reply or use @ to invite others

Predictive Model Checklists Introduction

Regulators frequently using the NAIC rate model review service asked the NAIC rate model review team to create a list of rate filing documentation needed for the NAIC to complete a full-scope rate model review. The goals of such lists are to make the NAIC review process more efficient and expeditious. Regulators may evaluate these lists and determine the state's needs. Regulators can share this list with insurers, revise the state's rate filing checklists, or communicate with insurers through rate filing objections, when needed.

The lists below are divided by "Essential Information" and "Sometimes Needed Information." These terms are defined in this table:

Category	Description
Essential Information	Information that the NAIC rate model review team requests before writing a full-scope initial assessment of a model.
Sometimes Needed Information	Information that the NAIC model review team finds useful for model reviews but may only be needed if something appears non-standard about the modeling approach. Regulators may want to wait to request such information from insurers only when requested in the initial NAIC report.

This document is meant to address multiple model types. There are some differences in model documentation available for different model types. The sections below are divided by model type. Today, the majority of predictive models used in personal automobile and home insurance rating plans are GLMs. According to many in the insurance industry, GLMs introduce significant improvements over univariate-based rating plans by automatically adjusting for correlations among input variables. Tree-based models, including random forests and gradient boosting machines, can capture complex non-linear relationships between predictor variables and the target variable. Tree-based models can account for deep interactions between predictor variables. Penalized regression methods can mitigate the risk of overfitting and multi-collinearity in a multi-variate model. Some penalized regression methods (such as lasso regression) also offer automatic variable selection. This checklist document details the rate filing documentation requested by the NAIC Model Review Team for efficient review of standard GLMs, Tree-based models, and penalized regression models.

WilliamW160 Jul 23 ... ✕

Suggest there is a clear statement that regulators can edit this checklist. Just to make sure everyone knows this.

Reply or use @ to invite others

Appendix C: Rate Model Checklists

v2025.1

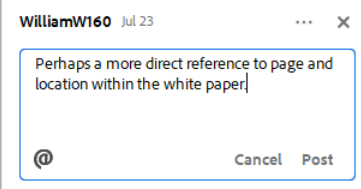
Tree-based Model Data

Essential Information

- A narrative providing the description of each data source including the following:
 - Informational materials or website links for each 3rd party
 - Commentary on how the company reviewed the veracity of the data source
 - Why the company believes the data source is useful for the model's intended purpose
 - Disclosure of known data errors
 - SERFF filing numbers where the use of the data was previously approved (if applicable)
- A description of the relevance of the data
 - The lines of business and companies included should be identified
 - Description of any considerations or adjustments made to make the data more applicable for its intended use
- A data dictionary provided as a table with the following columns:
 - Data Source (Vendor name or "Internal")
 - Variable name
 - Alternate names appearing in other filing documents
 - Data types (discrete, continuous, logical, categorical)
 - Treatment Type (Model, Control, Offset, Target)
 - Possible values (Empirical min and max for numerical variables, all categories for categorical variables)
- Tables showing summary metrics for each dataset by year (training, testing, holdout)
 - Year
 - Losses
 - Exposures (or Policy Count)
 - Claim Count (if applicable)
- A narrative on the candidate variable selection process prior to the model building.
- A narrative on the data accuracy and data reconciliation process
 - Description of the methods used to compile, filter, and/or merge data from different sources
 - How the data was reconciled to other sources
- A listing of the rational explanation for each modeled variable that discusses why it would plausibly impact insurance risk as discussed in the CASTF white paper.
- A guarantee that the modeling dataset will be retained for at least 7 years
- A description of any dimensionality reduction techniques (PCA, clustering, etc.) that were applied to the data.
- An Excel file with 100 anonymized sample modeling records including all predictor variables and target variables.

Sometimes Needed Information

- A description of steps taken to meet state requirements regarding unfair discrimination (if applicable).
- A listing of variables which are subject to the fair credit reporting act (if applicable).
- A table showing the data volume distribution by state for each dataset (training, testing, holdout)
- A listing of variables initially considered but later removed from the model.





Use of Missing Data in Actuarial Analyses and Rating

CASTF Meeting – 2025 NAIC Summer National Meeting

August 11, 2025

Roosevelt C. Mosley, Jr., FCAS, MAAA, CSPA

Managing Principal

Use of Missing Data in Actuarial Analyses and Rating



Model Development

The use of missing/unknown data in model development is an accepted and reasonable actuarial practice

- ASOP 12 – Risk Classification
 - Section 3.2.7: *“When selecting risk characteristics, the actuary should consider limitations created by business practices related to the financial or personal security system as known to the actuary and consider whether such limitations are likely to have a significant impact on the risk classification system.”*
 - Section 3.4.4.c., which encourages the actuary to consider quantitative analysis of the impact of *“significant limitations created by business practices of the financial or personal security system.”*
- ASOP 23 – Data Quality, Section 3.5: *“In most situations, the data are provided to the actuary by others. The accuracy and completeness of data supplied by others are the responsibility of those who supply the data. The actuary may rely on data supplied by others, subject to the guidance in section 3.3 and 3.4. The actuary should disclose reliance on data supplied by others in an appropriate actuarial communication, in accordance with section 4.1 (h).”*
- CASTF White Paper – Regulatory Review of Predictive Models emphasizes the importance of transparency, data quality evaluation and sensitivity testing

Rating Factor Development

- Options for developing rating factors for missing/unknown categories
 - Distinct category
 - Weighted average of non-missing categories
 - Judgmentally selected factor

Policy Rating

- Causes of missing data in production
 - Information not provided as part of application
 - Data not returned from third party vendor
- How missing data is handled in production
 - Policy is unable to be rated
 - Assign most favorable category
 - Assign a missing or unknown category
- Proposed solution: requesting data from policyholder

Concerns with Proposed Solution

- **Efficiency**: reaching out to every policyholder or every applicant about each missing or unknown risk characteristic may not be practical, depending on how many applicants or current policyholders have missing factors, and the number of missing characteristics. **Therefore, introducing this requirement will make balancing the accuracy and efficiency of rating factor determination more challenging.**
- **Accuracy**: it may be unlikely that the policyholder is able to provide accurate information.
- **Increase in excessive and inadequate rates**: The potential implication of the proposed regulation is that if a company is unable to comply with the proposed requirements, or if use of the rating factor is inefficient, the rating factor will not be used. In the case where the unknown or missing category was being rated based on the indication, every policyholder would move from their indicated rate to an average rate, which again would result in a significant increase in the percentage of policyholders whose rates would be inadequate, excessive or unfairly discriminatory.

Example – Increase in Excessive and Inadequate Rates

Base Rate	100				
Rating		Rating		Revised	Percent
Factor 1	Distribution	Factor	Premium	Premium	Difference
Good	25%	0.75	75.00	101.25	35.0%
Neutral	25%	1.00	100.00	101.25	1.3%
Bad	25%	1.25	125.00	101.25	-19.0%
Missing	25%	1.05	105.00	101.25	-3.6%
Total	100%		101.25		

Questions?

Roosevelt C. Mosley, Jr., FCAS, MAAA, CSPA

309.807.2330

rmosley@pinnacleactuarial.com



July 17, 2025

NAIC Consumer Representatives:

The Casualty Actuarial and Statistical (C) Task Force leadership requests your participation at the Task Force meeting in Minneapolis.

Monday, 8/11/2025

3:30 PM - 5:00 PM CDT

Hilton Minneapolis–Grand Ballroom D–Level 3

On the agenda is a discussion regarding P&C “unknown risk characteristics.” I’ll try to explain the issue.

An insurer’s rating plan for property and casualty insurers (e.g., personal auto insurers, homeowners’ insurers) includes many risk categories or “classes” that are assigned rating factors. The purpose of these rating factors is to charge premium that correlates with risk. Risk classes are characteristics such as house location, telematics scores, insurance scores, vehicle insured (with VIN), age of house, roof age, number of years of driving experience, annual estimated mileage, number of driving convictions, and many more.

In the past, insurers asked consumers for the information that would be used to rate them. This was the purpose of the insurance application. Consumers were asked questions like

- How long have you owned your car?
- Does it have anti-lock brakes?
- What kind of roof is on your home?
- How many bathrooms are in your home?

But today, insurers are increasingly using third-party data vendors to gather this and other information about consumers.

Insurers (or third-party data vendors) may not have all the specific class information for every consumer. When the insurer does not have or obtain information, the consumer is typically rated using “unknown” for the particular risk category. Sometimes the consumer would be able to supply the needed information, but the insurer does not contact the consumer to ask. For example, if “age of roof” is a variable in a home insurance rating algorithm and the insurer

Washington, DC 1101 K Street NW, Suite 650, Washington, DC 20005-7032

p | 202 471 3990

Kansas City 1100 Walnut Street, Suite 1000, Kansas City, MO 64106-2197

p | 816 842 3600

New York One New York Plaza, Suite 4210, New York, NY 10004

p | 212 398 9000

does not know the age of a consumer's home, "age of roof" for that consumer might be treated as "unknown."

Sometimes the "unknown" category will have a rating factor of 1.00, suggesting there is no effect on the premium charged. The insurer may contend that assigning 1.00 removes the characteristic from consideration for that particular insured and does not penalize them. Other times an "unknown" may be slotted in a selected category or can be the highest rate. But what if the consumer's car has anti-lock brakes, was rated as "unknown," and therefore did not receive the insurer's 10% anti-lock brake discount? Or if the consumer's roof is two years old and two-year old roofs, when known, are assigned a factor 0.50 (i.e., a 50% discount)? Of course, it works the other way too; a consumer with a 30-year-old roof that is missing from the database and assigned to "unknown" likely pays a lower premium than they would be charged if it was known that their roof is 30 years old.

Consumers might have retrievable data for a risk characteristic, but the insurer or the third party may have a system error that keeps the data from being retrieved at that moment. This likely causes the consumer to be slotted into the "unknown" category.

Adding to the issue, the variables used are often part of a confidential rating model, so consumers do not know what those categories are and would not know whether the data used is correct or not. If the consumer knew that "age of roof" was a rating variable and that the value of this variable was treated as "unknown" for the consumer, the consumer might be able to correct this information by providing the insurer with information about the roof's age.

The Task Force welcomes your perspective on this issue. Have you heard of similar concerns from consumers? Do you think consumers are generally aware of the rating characteristics used in personal lines pricing? Are carriers responsive to policyholder inquiries about pricing?

I hope to see you in Minneapolis.

Best,
Kris DeFrain, FCAS, MAAA, CPCU
Director, Research and Actuarial Services

July 29, 2025

To: Kris DeFrain (NAIC)
Cc: Tim Mullen (NAIC)
Joel Laucher (United Policyholders)
From: Amy Bach (United Policyholders)
Subject: CASTF

Dear Kris,

United Policyholders appreciates this opportunity to address an issue that is becoming increasingly important to the consumers our non-profit organization serves; the accuracy of the data components insurers use to determine both eligibility for coverage *and* premiums to be charged. Thank you for soliciting our input. The following comments were prepared by Joel Laucher (a former regulator) and myself, and we're both available for further dialogue. For reference, the National Council of Insurance Legislators is currently working to [adopt a model law](#) that would give consumers access to aerial images of their properties that are being used by insurers for underwriting.

This topic is of course relevant to all insurance coverages but particularly in the property insurance context where the availability of coverage is currently plummeting across the country, while the cost of coverage for many consumers is soaring. One driver is that insurance companies are now using risk scoring systems, complex models, aerial images and mined data in place of or in addition to traditional underwriting. Yet consumers are in the dark and don't currently have access to information and processes that would allow them to correct misinformation, avoid losing their insurance and/or pay a more reasonable premium for their property coverage. We urge the Task Force to issue recommendations on appropriate disclosures and processes to remedy this developing situation.

Consumers currently have the right to get a copy of their credit report and score and see what transactions/factors are impacting their score. There is transparency and processes in place to allow a consumer to challenge a credit score that's based on incorrect or outdated information about their financial strength. By contrast, insurance consumers don't currently have access to the risk score associated with their property or what features/factors went into that score or a process for correcting misinformation, nor do consumers have access to aerial images of their property that an insurer is using as a basis for rating and/or offering them a new policy or renewing or non-renewing their existing policy or a process for correcting erroneous conclusions about conditions at their property that were derived from those images.

In the homeowners marketplace in particular, one particularly challenging concern is the use of wildfire risk models that assign scores to home based upon a set of considerations that typically include distance from a fire station, degree of slope on which the property is located, and distance to significant wildfire fuel loads such as forest or brush. We have seen very little effort by insurers to explain these scoring mechanisms.

The lack of a clear explanation of this critical determinant in the property underwriting and rating process has led to frustration and anger. Consumers are making their voices heard in the media and

online, accusing insurers of being greedy and arbitrary and regulators to be negligent in their responsibilities.

We urge the Task Force to recommend a set of reasonable requirements on insurers to be more transparent and provide a process for consumers to challenge inaccurate conclusions about their risk profile, give consumers more detail about how their wildfire rating score was determined and where their score falls in the range of possible scores.

An example or starting point can be California's regulation on the Consideration of Mitigation Factors; Wildfire Risk Models at 10 CA Code of Regs 2644.9, which provides as follows:

(h) Provision of wildfire risk score or other wildfire risk classification to policyholder or applicant.

An insurer utilizing a Wildfire Risk Model, or rating factor, to segment, create a rate differential, or surcharge the premium based upon the policyholder or applicant's wildfire risk shall, within one hundred eighty (180) days after the date this section is filed with the Secretary of State, implement a written procedure to provide, in writing, to each such policyholder or applicant for property insurance the wildfire risk score or other wildfire risk classification used by the insurer to segment, create a rate differential, or surcharge the premium based upon the policyholder or applicant's wildfire risk. The insurer shall provide to the policyholder or applicant such wildfire risk score or classification at the following times:

(1) No later than fifteen (15) days following the submission to the insurer of the applicant's completed application;

(2) At least forty-five (45) days prior to each renewal;

(3) At least seventy-five (75) days prior to any nonrenewal; and

(4) In the event that the policyholder or applicant has completed a mitigation measure on the subject property since the time of the last application to or renewal by the insurer, no later than thirty (30) days following the submission to the insurer of the policyholder or applicant's request that the insurer provide a revised wildfire risk score or wildfire risk classification.

(i) Policyholder or applicant's right to appeal.

The procedure described in subdivision (h) of this section shall permit a policyholder under, or applicant for, a policy of property insurance who disagrees with the assignment of the wildfire risk score, or other wildfire risk classification, provided to the policyholder or applicant pursuant to that subdivision the right to appeal orally or in writing that assignment directly to the insurer. The insurer shall notify the policyholder or applicant in writing of this right to appeal the wildfire risk score or other wildfire risk classification whenever such score or classification is provided to the policyholder or applicant as set forth in subdivision (h) of this section. If the policyholder or applicant appeals the wildfire risk score or other wildfire risk classification, the insurer shall acknowledge receipt of the appeal in writing within ten (10) calendar days of receipt of the appeal. The insurer shall respond to the appeal in writing with a reconsideration and decision within thirty (30) calendar days after receiving the appeal. In the event that

an appeal is denied, the insurer shall, upon request by the Department, forward a copy of the appeal, and the insurer's response, to the Department.

A similar approach should be used for every coverage and for each rating factor used by the insurer to determine the final premium and for any underwriting consideration used by the insurer that resulted in a consumer being rejected for coverage or nonrenewed.

As pointed out by Ms. DeFrain, this way, the insured would at least have the opportunity to object or correct the datapoint when the insurer has it wrong or at the very least understand the reasoning behind the increasing premium or the rejection of coverage.

Thank you for considering our input.

A handwritten signature in cursive script, appearing to read "Amy Bach".

Amy Bach, Esq., Executive Director
United Policyholders
917 Irving Street, Suite 4
San Francisco, CA 94122
Email: amy.bach@uphelp.org
Tel. 415-393-9990

Comments from the Consumer Federation of America to the Casualty Actuarial and Statistical Task Force on Unknown Risk Characteristics in Property and Casualty Insurance

August 4th, 2025

Kris DeFrain

kdefrain@naic.org

Casualty Actuarial and Statistical (C) Task Force
National Association of Insurance Commissioners

Dear Kris,

The Consumer Federation of America (CFA) and Center for Insurance Research (CIR) appreciate this opportunity to offer comments on unknown and undisclosed risk characteristics in property and casualty insurance. The Task Force should issue recommendations on appropriate disclosures and processes to remedy this rapidly developing crisis. Such recommendations are a critical first step in addressing the problems that occur when consumers are scored without any ability to understand the insurance risk scores, address any problems with them, or correct errors that have affected these scores. The use of unknown and undisclosed risk characteristics further undermines a critical component of the insurance system – voluntary risk mitigation.

This issue increasingly impacts the consumers that we advocate for - because it affects the accuracy of the data components insurers use to determine both eligibility for coverage *and* the premiums to be charged.¹ Our comments support and endorse the earlier comments by our colleague United Policyholders, and we are available for further dialogue.

While relevant to all insurance coverages, the use of unknown risk characteristics is particularly important in property insurance – a product currently in crisis. Currently property insurance availability is plummeting across the country, while the cost of coverage is soaring. Driving these rising costs is the increased use of broader risk scoring systems, complex models, aerial images and other data (often obtained from third parties not subject to any meaningful oversight) flooding and overwhelming traditional underwriting standards. Yet consumers have been left in the dark and lack access to the data and determinations needed to permit the correction of misinformation, and often face losing their insurance coverage or affordable protection for their property.

Consumers have the right to get a copy of their financial credit reports and their credit score, and can see what actions have impacted their score (allowing them to improve and mitigate their credit risk). Financial credit scores also provide a mechanism for correcting false or

¹ As the numerous proposals and model laws being developed that would give consumers access to aerial images of their properties demonstrate.

outdated information about their financial strength. In contrast, insurance consumers typically cannot access the risk score associated with their property, which features or factors went into that score, or a means for correcting misinformation in their insurance score. Consumers also lack access to aerial images of their property that insurers increasingly use as a basis for rating, for both eligibility decisions, and renewals. Furthermore, consumers lack a means to correct erroneous conclusions about property conditions derived from those aerial images.

In the homeowners marketplace in particular, the use of wildfire risk models is particularly concerning. These models assign risk scores to homes based upon a set of considerations that typically include the distance from a fire station, degree of slope on which the property is located, and distance to significant wildfire fuel loads such as forest or brush. There has been very little effort by insurers to explain these scoring mechanisms or how consumers can improve these factors to lower their risk.

This lack of a clear explanation of this and other critical determinants in the property insurance underwriting and rating process is leading to increased frustration and anger by consumers, media and public policymakers outside the typical insurance regulatory community. Consumers are organizing and making their voices heard in public meetings, the media, and online, often accusing insurers of being greedy and arbitrary and regulators of being negligent in their responsibilities to the detriment of the insurance marketplace as a whole.

We urge the Task Force to provide strong and reasonable disclosure requirements for insurers to increase transparency and provide an avenue for consumers to challenge inaccurate conclusions about their risk profile, give consumers more detail about how their wildfire rating score was determined and where their score falls in the range of possible scores, and what steps they might take to mitigate their property risks.

One good example to follow is California's regulation on the Consideration of Mitigation Factors; Wildfire Risk Models at 10 CA Code of Regs 2644.9, which provides as follows:

“(h) Provision of wildfire risk score or other wildfire risk classification to policyholder or applicant.

An insurer utilizing a Wildfire Risk Model, or rating factor, to segment, create a rate differential, or surcharge the premium based upon the policyholder or applicant's wildfire risk shall, within one hundred eighty (180) days after the date this section is filed with the Secretary of State, implement a written procedure to provide, in writing, to each such policyholder or applicant for property insurance the wildfire risk score or other wildfire risk classification used by the insurer to segment, create a rate differential, or surcharge the premium based upon the policyholder or applicant's wildfire risk. The insurer shall provide to the policyholder or applicant such wildfire risk score or classification at the following times:

- (1) No later than fifteen (15) days following the submission to the insurer of the applicant's completed application;
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- (3) At least seventy-five (75) days prior to any nonrenewal; and
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(i) Policyholder or applicant's right to appeal.

The procedure described in subdivision (h) of this section shall permit a policyholder under, or applicant for, a policy of property insurance who disagrees with the assignment of the wildfire risk score, or other wildfire risk classification, provided to the policyholder or applicant pursuant to that subdivision the right to appeal orally or in writing that assignment directly to the insurer. The insurer shall notify the policyholder or applicant in writing of this right to appeal the wildfire risk score or other wildfire risk classification whenever such score or classification is provided to the policyholder or applicant as set forth in subdivision (h) of this section. If the policyholder or applicant appeals the wildfire risk score or other wildfire risk classification, the insurer shall acknowledge receipt of the appeal in writing within ten (10) calendar days of receipt of the appeal. The insurer shall respond to the appeal in writing with a reconsideration and decision within thirty (30) calendar days after receiving the appeal. In the event that an appeal is denied, the insurer shall, upon request by the Department, forward a copy of the appeal, and the insurer's response, to the Department."

A similar approach should be required for insurance policies and for each rating factor used by the insurer to determine premiums, as well as underwriting classifications that determine if a consumer will be rejected for coverage or nonrenewed.

Policyholders must be given the opportunity to object or correct any erroneous datapoints and at the very least understand the reasoning behind the coverage denials or premium increases.

We thank you for considering our input. Please contact us at mdelong@consumerfed.org with any questions.

Sincerely,

Michael DeLong
Research and Advocacy Associate
Consumer Federation of America
1620 I Street NW, Suite 200
Washington, DC 20006
mdelong@consumerfed.org

Brendan Bridgeland
Director
Center for Insurance Research
145 South Main Street
Haverhill, MA 01835
insuranceresearch@comcast.net

Academy Professionalism Update

NAIC Summer National Meeting
August 2025

About the Academy

2

**Mission:**

To serve the public and the U.S. actuarial profession

**Community:**

Serving over 20K MAAs & public stakeholders for 60 years

**Standards:**

Setting qualification, practice, and professionalism standards

**Impact:**

Delivering over 300 insight-driven publications & resources annually

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Committee on Qualifications

3

The Committee on Qualifications (COQ)

- recommends to the Academy's Board of Directors the minimum qualification standards, including continuing education requirements, necessary to qualify credentialed actuaries to issue statements of actuarial opinion in the United States.
- answers questions relating to qualifications.
 - As of mid-July, the COQ has received 15 questions in 2025, covering primarily continuing education requirements.

The most recent U.S. Qualification Standards took effect Jan. 1, 2022.

Actuarial Standards Board (ASB)



ACTUARIAL STANDARDS BOARD

4

The ASB sets standards for appropriate actuarial practice in the United States through the development and promulgation of Actuarial Standards of Practice (ASOPs). These ASOPs describe the procedures an actuary should follow when performing actuarial services and identify what the actuary should disclose when communicating the results of those services.

[2024 ASB Annual Report](#)

www.actuarialstandardsboard.org



Actuarial Standards Board (ASB)



ACTUARIAL STANDARDS BOARD

5

ASB met in June and reviewed proposed revisions of two health ASOPs.

In September, the ASB plans to review proposed revisions of one health and one pension ASOP.

General ASOPs under revision

- ASOP No. 1, *Introductory Standard of Practice*
- ASOP No. 12, *Risk Classification (for All Practice Areas)*
- ASOP No. 41, *Actuarial Communications*

P/C ASOPs under revision

- ASOP No. 30, *Treatment of Profit and Contingency Provisions and the Cost of Capital in Property/Casualty Insurance Ratemaking*
- ASOP No. 39, *Treatment of Catastrophe Losses in Property/Casualty Insurance Ratemaking*
- ASOP No. 20, *Discounting of Property/Casualty Claim Estimates*

Actuarial Board for Counseling and Discipline



6

Mission

The Actuarial Board for Counseling and Discipline (ABCD) was established in the bylaws of the American Academy of Actuaries to strengthen the adherence by members of the five U.S.-based actuarial organizations to the recognized standards of ethical and professional conduct.

The Board has two primary functions:

- It responds to actuaries' [request for guidance](#) on professional issues.
 - It considers [complaints](#) about possible violations of the Code of Professional Conduct.
-
- 2024 Annual Report available at [ABCD-Annual-2024.pdf](#)
 - May/June 2025 Up to Code article, [Mission Professionalism](#)

www.abcdboard.org

Upcoming Professionalism Events

7

COQ, ASB, ABCD: The Professionalism Trifecta

- [September 5 webinar](#)

Life and Health Qualifications Seminar

- New Format: Attendees to select either a life track or a health track
- November 17-20
- Arlington, Va



Questions?

8

For professionalism questions, comments, or suggestions,
please contact

Virginia Hulme, Assistant Director, Professionalism
professionalism@actuary.org

Casualty Practice Council Update

Casualty Actuarial and Statistical (C) Task Force (CASTF) Meeting
August 11, 2025

About the Academy

2

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Setting qualification, practice, and professionalism standards

**Impact:**

Delivering over 300 insight-driven publications & resources annually

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Recent NAIC Engagement

3

Artificial Intelligence

- [Analysis of NAIC AI/Machine Learning Surveys Webinar](#)
- [Cross-Practice Comments to NAIC on Proposed AI in Insurance Model Law](#)

Title Insurance (C) Task Force

- Assisting Task Force with assessment of those expenses incurred prior to issuance of policy

[Joint Comment Letter](#) to the RBC Model Governance (EX) Task Force on the RBC Model Governance Chair Exposure

Recent and Upcoming CPC Activity

4

[Cross-practice Comment Letter to NOAA on Billion Dollar Database](#)

[Cyber Risk Toolkit Updates](#), New Chapters, and Webinar

Climate Data: Actuarial Perspectives on Quality, Challenges, and Effective Risk Quantification

P&C RBC Dependency Report to the NAIC

Issue Briefs: Home Replacement Cost, Commercial Liability Market, and Influential Features in Worker's Compensation

Recent Academy Activity

5

Webinars/Events:

- [2026 Health Insurance Premiums in Focus: Policy Changes and Impacts on Market Stability](#)
- [Social Security Trustees Report: A Deep-Dive Discussion With the Program's Actuaries](#)
- [ASOP No. 2 Practice Note Webinar](#)
- Insuring the Future: Insurance Investment Summit

Other Resources:

- [Health Insurance Market Dynamics Resource Guide](#)

Questions?

Upcoming Events

Actuarial Perspectives and Solutions for Strengthening the U.S. Retirement System

September 18 | Washington, D.C.

Life and Health Qualifications Seminar

Nov. 17-20 | Arlington, Va

Seminar on Effective P/C Loss Reserve Opinions

Dec. 8-9 | Salt Lake City, Utah

Other Academy Resources

8

Access these Resources:



[Contingencies Magazine](#)



[Policy Forum](#)



[Actuarially Sound Blog](#)



[Actuary Voices Podcast](#)



NEW!!

Academy Insights Stakeholder Newsletter

- Non-member, stakeholder-focused
- Quarterly newsletter highlighting Academy resources and project updates
- Cross-practice, public policy and professionalism topics & issues

[Sign Up & Learn More!](#)

Follow the Academy

Attachment Twelve



American Academy of Actuaries





Thank You!

11

For more information, please contact
Rob Fischer, Public Policy Project Manager, Casualty
Fischer@actuary.org

SOCIETY OF ACTUARIES RESEARCH UPDATE TO CASTF

August 11, 2025

Dale Hall, FSA, MAAA, CERA
Managing Director of Research

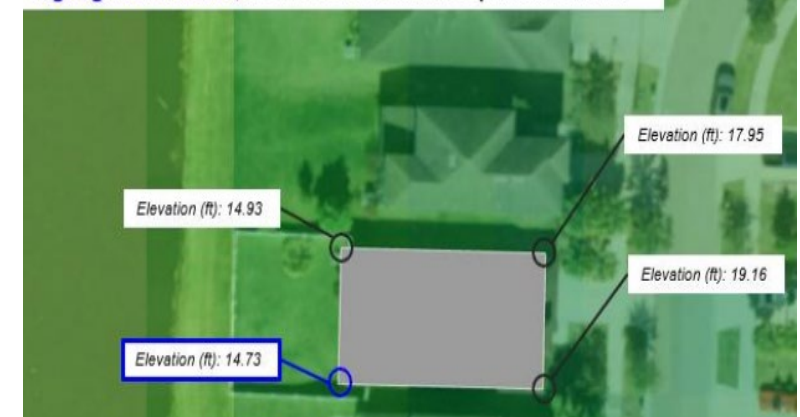
The material and information contained in this presentation is for general information only. It does not replace independent professional judgment and should not be used as the basis for making any business, legal or other decisions. The Society of Actuaries assumes no responsibility for the content, accuracy or completeness of the information presented.

SOA Casualty Research Updates

- Climate-Induced Migration Patterns and Property Insurance
 - Sensitivity of migration rates to natural disasters
 - Investigates how major carriers homeowners' loss ratios and premium rates respond to the state-level disasters
- Advanced Analytics in Insurance: Utilizing Building Footprints Derived from Machine Learning and High-Resolution Imagery
 - Use of remote imagery and artificial intelligence to delineate detailed building footprints
 - Remote sensed high-resolution elevation information (e.g., Light Detection and Ranging or LiDAR) to identify structural characteristics

	Mean
States with Lowest Annual Mean Net Migration Rates	
AK	-4.22%
DC	-1.18%
NY	-0.94%
NJ	-0.79%
IL	-0.75%
States with Highest Annual Mean Net Migration Rates	
DE	0.80%
NV	0.81%
ID	0.82%
SC	0.94%
AZ	1.04%
All States in the U.S.	0.03%

The building footprint vertex with the lowest elevation, highlighted in blue, is chosen as the footprint location.



Additional Casualty Research

Casualty Research

Attachment Twelve

Project Name	Objective	Link/Expected Completion Date
Actuarial Weather Extremes Series - Los Angeles County Wildfires January 2025	Highlight observations for extreme weather events across North America	https://www.soa.org/resources/research-reports/2019/weather-extremes/
Actuarial Weather Extremes Series - Sea Level Rise June 2025	Highlight observations for extreme weather events across North America	https://www.soa.org/resources/research-reports/2019/weather-extremes/
Climate-Induced Migration Patterns and Property Insurance	This report examines the influence of climate-induced migration on U.S. state-level population shifts and property insurance market responses, including rate setting, regulation, and insurer behavior.	https://www.soa.org/resources/research-reports/2025/climate-migration-insurance-risk/
Advanced Analytics in Insurance: Utilizing Building Footprints Derived from Machine Learning and High-Resolution Imagery	This study explores the use of geospatial imagery and high-resolution image technology in the property and casualty (P&C) insurance industry, focusing on improving risk determination through accurate building location data.	https://www.soa.org/resources/research-reports/2025/advanced-analytics-in-insurance/
Actuarial Weather Extremes Series - Texas Floods - July 2025	Highlight observations for extreme weather events across North America	8/5/2025





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Casualty Actuarial Society Research and Professional Education Update NAIC SUMMER 2025 CASTF MEETING

Research

Recently Released Research

- [Cyber Risk: Quantification, Stress Scenarios, Mitigation, and Insurance](#)
 - Olivier Lopez, Michel Denuit, Mario Ghossoub, et al
- 18 [Variance articles](#) published in 2025, including:
 - [Premium Estimation Under Model Uncertainty: Model Averaging for Left-Truncated Reinsurance Losses](#), Tatjana Miljkovic
 - [Simulation Engine for Adaptive Telematics Data](#), Banghee So, Himchan Jeong
 - [Adjusting Manual Rates to Own Experience: Comparing the Credibility Approach to Machine Learning](#), Christophe Dutang, Giorgio Alfredo Spedicato, Quentin Guibert
 - [Multioutput Gaussian Processes for Loss Ratio Development](#), Devan Griffith
- 2025 1st quarter [E-forum](#)
 - [Enhancing Actuarial Ratemaking with Synthetic Data for Privacy Preservation](#), Noa Zamstein
 - [Credibility as Data Augmentation](#), Dave Clark
 - [Agent-Based Modeling: Introduction and Actuarial Applications](#), Rick Gorvett
 - [Claim Counts Prediction Using Individual Data with ReSurv](#), Munir Hiabu, Emil Hofman, Gabriele Pittarello

CAS [Research Series on Race and Insurance Pricing](#) Phase II

- Comparison of Regulatory Framework for Non-Discriminatory AI Usage in Insurance
 - David Schraub, FSA, CERA, MAAA, AQ; Jing Lang, FSA, FCIA, MAAA, FLMI; Zhibin Zhang, FSA, FCIA; and Mark A. Sayre, FSA, CERA, JD, CIPP/US|E
- Regulatory Perspectives on Algorithmic Bias and Unfair Discrimination
 - Lauren Cavanaugh, FCAS, MAAA; Scott Merkord, FCAS, MAAA; Taylor Davis, FCAS, MAAA; and David Heppen, FCAS, MAAA
- Balancing Risk Assessment and Social Fairness: An Auto Telematics Case Study
 - Jean-Philippe Boucher, Ph.D. and Mathieu Pigeon, Ph.D.
- A Practical Guide to Navigating Fairness in Insurance
 - Jessica Leong, FCAS; Richard Moncher, FCAS; and Kate Jordan
- Practical Application of Bias Measurement and Mitigation Techniques in Insurance Pricing (2 parts)
 - CAS Race and Insurance Pricing Task Force
- Potential Unintended Impacts of Bias Mitigation in a Competitive Insurance Market
 - Gary Wang, FCAS, CSPA, MAAA and Michael K. Chen, FCAS, CSPA, MAAA



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Casualty Actuarial Society Research and Professional Education Update NAIC SUMMER 2025 CASTF MEETING

Requests for Proposals in Progress

- Monograph on [Game Theory](#) – proposals due August 15
- Monograph on [Extreme Value Theory in Actuarial Science](#) – proposals due August 15
- [Innovative Pricing Models for Flood Exposures](#) – proposals due September 30
- [Hurricane Mitigation Premium Credits](#) – proposals due September 30
- [Forecasting Future Loss Payments from Policies Sold in the Past](#) – proposals due Oct 27

CAS CONTINUING EDUCATION OPPORTUNITIES

Regulators Welcome!

The CAS offers reduced registration fees to regulators and welcomes session proposals from the regulatory community. [The current open calls for presentations and due dates are as follows:](#)

- CAS 2026 CAS Ratemaking, Product and Modeling Seminar – deadline September 22, 2025
- CAS Webinars – Submissions accepted on a rolling basis.
- **Large CAS Meetings/Seminars**
 - [Casualty Loss Reserve Seminar \(CLRS\)](#) – Philadelphia, PA, Sept 8 – 10, 2025 – co sponsored by AAA.
 - [2025 Annual Meeting](#) – Austin, TX, November 8 - 10, 2025
 - Ratemaking, Product, and Modeling Seminar (RPM) – Chicago, IL March 16-18, 2026
 - Spring Meeting – New York, NY, May 3 – 6, 2026
 - Seminar on Reinsurance – Philadelphia, PA, May 31- June 2, 2026
 - Casualty Loss Reserving Seminar (CLRS) – Las Vegas, NV, Sept 14-16, 2026
 - Annual Meeting – Honolulu, HI, Nov 8-11, 2026
- **Virtual Workshops and Seminars**
 - [Introduction to Python](#), July 30-Sept 3, 2025
 - [China Insurance Summit](#), Aug 22, 2025
 - [Climate Risk Seminar](#), Aug 26, 2025
 - [Predictive Analytics Bootcamp](#), Sept 15 - Oct 15
- **Webinars (through 3Q 2024)** (12:00 to 1:30 EST unless noted)
 - [Professionalism Case Studies](#), Aug 28, 2025
 - [The Credibility Transformer](#), Sept 4, 2025
 - [Catastrophe Modeling of Severe Thunderstorms: Insights into Building Verisk's US Severe Thunderstorm Model](#), Sept 16, 2025



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Casualty Actuarial Society Research and Professional Education Update NAIC SUMMER 2025 CASTF MEETING

ADDITIONAL NOTES

NAIC Syllabus Review

- CAS is pleased that CASTF / AOWG approved the CAS credential as meeting the educational requirements for appointed actuaries.

Spring meeting Recap – Insights on AI, Climate Risk, and Auto – May 2025 Toronto, ON

- Nearly 1,000 in-person attendees and over 150 virtual attendees
- General Sessions
 - Presentation by Olympic performance coach Jamie Clark
 - State of the Property/Casualty Insurance Industry and Future Outlook in The United States and Canada
 - North American Catastrophes – Secondary Peril Events No Longer Secondary
 - How Actuarial Science Can Benefit from AI... and Vice Versa
- Over 17 hours of CE learning opportunities.
- Welcomed 240 new Associates and 85 new Fellows.

Reinsurance meeting Recap - Reimagine Risk, June 2025, Washington, D.C.

- Over 250 in person attendees and 150 virtual attendees
- General Session
 - Myth vs. Reality: Examining Public Perception of (Re)insurance
 - Do You Have What it Takes to be a Founder of a Reinsurer?
- Over 35 total sessions

New PCPA predictive modeling exam and project

- New Requirement for ACAS starting in 2026.
- Available now
- Exam component offered continuously throughout year
- Project component offered four times per year
- Focus on developing a model and presenting actuarial results.
- Final product will be a written actuarial report.
- Based on P & C knowledge.

CAS Elections through the end of August