*2024 Fall National Meeting*
*Denver, Colorado*

**BIG DATA AND ARTIFICIAL INTELLIGENCE (H) WORKING GROUP**
Sunday, November 17, 2024
9:00 – 10:00 a.m.

**Meeting Summary Report**

The Big Data and Artificial Intelligence (H) Working Group met Nov. 17, 2024. During this meeting, the Working Group:

1.  Adopted its Nov. 12 minutes. During this meeting, the Working Group took the following action:
    A.  Adopted its July 29 minutes, which included the following action:
        i.   Adopted its Summer National Meeting minutes.
    B.  Heard a presentation on how artificial intelligence (AI) is used in insurance, including implementation challenges and lessons learned.
    C.  Received an update on the AI system's evaluation workstream.

2.  Received an update on the health AI/machine learning (ML) survey. The group of participating states issued the call letter to the surveyed companies Oct. 31 and launched the survey Nov. 11 with a response due date of Jan. 22, 2025. The responses will be compiled and analyzed by March 17, 2025, and a written report of the findings is targeted to be published March 24. Highlights of the differences in the types of questions between the health survey and the prior auto, home, and life surveys include: 1) a focus on the use of AI on pre-identified product lines and operational functions of health insurers; 2) questions specifically addressing areas of data usage; 3) arrangements with third parties; and 4) coordination of governance with existing health provider governance standards.

3.  Received an update on the follow-up to the private passenger auto (PPA) AI/ML survey. In the first quarter of 2024, interested state insurance regulators started meeting individually with a selected subset of personal auto carriers originally responding to the PPA AI/ML survey to get an update on: 1) any changes in their use of AI; 2) the value of the guidance included in the *Model Bulletin on the Use of Artificial Intelligence Systems by Insurers* (AI Model Bulletin); 3) the development of and issues in establishing an effective governance program; 4) whether testing procedures have been developed; and 5) the challenges of using data and AI systems provided by third parties.

4.  Heard a presentation from the Leukemia & Lymphoma Society (LLS) and NORC at the University of Chicago summarizing their report on health insurance companies' use of AI to conduct utilization management. The report noted the potential benefits of using AI in utilization management and concerns arising from systems based on historically biased data. The presenters recommended that: 1) transparency to state insurance regulators and consumers should be provided as a crucial component of oversight; 2) human involvement should be embedded into AI processes; 3) health insurance plans should be held accountable; and 4) an appeals process as a right for consumers should be established.

5. Heard a presentation on use case applications of AI in insurance underwriting and claims, which highlighted how the use of generative AI can streamline the underwriting process by reducing the number of questions that need to be asked from policyholders, but noted that the data collection and synthesis of input data into an AI system could suffer from algorithmic bias and a lack of transparency, data privacy issues, and unfair underwriting outcomes. The use of generative AI in claims management could also be used to automate the analysis of documentation, images, and past claims history to expedite claims processing, but there are possible model accuracy and fairness issues. Additionally, using AI to detect possible fraudulent claims could result in unfair outcomes due to insufficient historical fraud cases.

6. Discussed its 2025 proposed charges. Following the adoptions of the NAIC Principles on Artificial Intelligence (AI Principles) in 2020 and the AI Model Bulletin in 2023, the Working Group will be pursuing a discussion on AI systems evaluations and shifting to a discussion on consumer outcomes. These discussions may lead to a gap analysis of how well the current regulatory framework holds up against the potential harms from the use of AI, whether additional regulatory filings and disclosures to consumers or regulators are needed, and whether certain AI development practices may be required or prohibited.