Draft Pending Adoption

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Special (EX) Committee on Race and Insurance
Tampa, Florida
December 14, 2022

The Special (EX) Committee on Race and Insurance met in Tampa, FL, Dec. 14, 2022. The following Special Committee members participated: Dean L. Cameron, Co-Chair (ID); Chlora Lindley-Myers, Co-Chair (MO); Andrew N. Mais, Co-Vice Chair (CT); Jon Godfread, Co-Vice Chair (ND); Lori K. Wing-Heier (AK); Mark Fowler (AL); Alan McClain (AR); Michael Conway (CO); Karima M. Woods (DC); Trinidad Navarro (DE); David Altmaier (FL); Colin M. Hayashida (HI); Doug Ommen (IA); Dana Popish Severinghaus (IL); Vicki Schmidt (KS); Sharon P. Clark (KY); James J. Donelon (LA); Gary D. Anderson (MA); Kathleen A. Birrane (MD); Timothy N. Schott (ME); Anita G. Fox (MI); Grace Arnold (MN); Troy Downing (MT); Mike Causey (NC); Eric Dunning (NE); Marlene Caride (NJ); Barbara D. Richardson (NV); L. French (OH); Glen Mulready (OK); Andrew R. Stolfi (OR); Michael Humphreys (PA); Elizabeth Kelleher Dwyer (RI); Michael Wise (SC); Larry D. Deiter (SD); Jon Pike (UT); Scott A. White (VA); Tregenza A. Roach (VI); Kevin Gaffney (VT); Mike Kreidler (WA); Nathan Houdek (WI); and Allan L. McVey (WV)

1. Adopted its Summer National Meeting Minutes

Commissioner Caride made a motion, seconded by Commissioner Mais, to adopt the Special Committee’s Aug. 11 minutes (see NAIC Proceedings – Summer 2022, Special (EX) Committee on Race and Insurance). The motion passed unanimously.

2. Adopted its 2023 Proposed Charges

Director Lindley-Myers reported that the 2023 proposed charges for consideration are similar to the charges of the previous year. However, the Special Committee’s 2023 charges include structural changes. The proposed charges eliminate Workstream One and Workstream Two. Those workstreams are directed at diversity and inclusion within the insurance industry, the NAIC, and state insurance departments. The Special Committee will consider a set of recommendations from Workstream One later in the agenda, and the reporting and monitoring of those recommendations will be carried out at the Special Committee level.

For Workstream Two, Evelyn Boswell (NAIC), Director of Diversity, Equity, and Inclusion has set up a very active and engaged State Diversity Leadership Forum. The Special Committee will continue to receive updates from the Forum, and the Special Committee and the Executive (EX) Committee will continue to receive updates on diversity, equity, and inclusion (DE&I) efforts at the NAIC.

The proposed charges suggest renaming the remaining workstreams by product line rather than number. As the Special Committee moves forward, it will identify specific timelines and deliverables for the workstreams with members and interested parties.

Director Lindley-Myers made a motion, seconded by Director Wing-Heier, to adopt its 2023 proposed charges (Attachment One). The motion passed unanimously.
Draft Pending Adoption

3. Received a Status Report on Workstream One

Commissioner Ommen reported that over the course of the past two years, Workstream One has been researching the level of diversity and inclusion within the industry and has developed proposed recommendations on action steps state insurance regulators, trade associations, and insurers can take to improve upon these important metrics. Prior to developing the recommendations, the Workstream researched and summarized existing publicly available data, articles, and studies related to diversity in the insurance industry. In addition to that research, the Workstream engaged with stakeholders representing a cross section of industry representatives and diversity advocacy groups to understand the efficacy of diversity-related programs, how insurers measure DE&I progress, and what state insurance regulators can do to support these efforts.

Workstream members have met in regulator-only sessions five times and held three open calls with stakeholders since the adoption of its 2021 and 2022 charges. During the open calls, the Workstream discussed actions insurers can take to foster a more inclusive and diverse workplace environment, as well as industry’s DE&I efforts and diversity-related programs. Suggestions included strengthening recruitment efforts, collaborating with schools and universities to educate students on careers in insurance, and creating or improving apprenticeship programs.

In response to these conversations, the Workstream developed recommendations on action steps both state insurance regulators and companies can take to improve upon the level of diversity and inclusion within the insurance industry. Workstream members discussed the draft recommendations and exposed them for public comment in September.

The Workstream held an open call on Oct. 28 and heard comments on the recommendations from the American Property Casualty Insurance Association (APCIA), the Blue Cross Blue Shield Association (BCBSA), America’s Health Insurance Plans (AHIP), and the National Association of Mutual Insurance Companies (NAMIC).

Based on feedback, revisions were incorporated into the recommendations to acknowledge that they are not intended to require the collection of data or change the legal or privacy issues surrounding demographic data collection.

The Workstream unanimously adopted the recommendations with those amendments.

4. Received a Status Report on Workstream Two

Commissioner Mulready reported that Workstream Two is focused on DE&I within the NAIC and state insurance departments. The Workstream continues its work through the Member Diversity Leadership Forum, and Ms. Boswell, who facilitates the forum, will provide an update later in the agenda.

5. Received a Status Report on Workstream Three

Director Wing-Heir reported that Workstream Three is focused on property/casualty (P/C) issues. The Workstream has decided to focus its time and resources on being actively involved with the work of the Collaboration Forum on Algorithmic Bias.
Draft Pending Adoption

The work of the Collaboration Forum will be critical to meeting a couple of the Workstream’s most important charges having to do with looking more deeply at issues related to unfair discrimination. The Collaboration Forum will help to provide the education and framework needed for Workstream Three to examine issues of unfair discrimination, particularly as it relates to algorithms, artificial intelligence (AI), and machine learning (ML).

The Workstream will take this foundation and use it to look at potential algorithmic bias in marketing, access to insurance, underwriting, rating, and claims processing, including fraud detection. The plan is to look at these elements in that order, taking marketing and access first as the Workstream looks at how to evaluate complex models to identify and mitigate bias. The Workstream has been speaking with insurers and setting up additional dialogue with insurers in order to better understand the principles and best practices the industry relies on when dealing with the use of marketing and advertising in personal lines insurance.

6. Received a Status Report on Workstream Four

Commissioner Caride reported that Workstream Four held an open meeting on Nov. 2. The Workstream heard a panel presentation focusing on what agents and advisors are doing to increase diversity in marketing, distribution, and access to life insurance products.

The panel included representatives from Finseca, NFP, Pacific Advisors, Equitable Advisors, and JD Financial Group. The panel spoke about the importance of diversity, equity, inclusion, and belonging as a core tenet of each of their companies, from empowering employees to serving clients to engaging vendors to affecting communities. One of the main takeaways from the panel is that diversity is good for people and good for business.

The Workstream hopes to hear more ideas about how to improve access, availability, and affordability of life insurance products to underserved communities.

7. Received a Status Report on Workstream Five

Commissioner Arnold reported that Workstream Five has held five meetings since the Summer National Meeting. The last meeting was on Nov. 29.

The discussions and presentations during these meetings focused on the Workstream’s two core topics for 2022 looking at barriers to care for systemically disadvantaged and historically underrepresented populations in two areas: 1) examining provider network design and benefit structures; and 2) consumer empowerment.

The Workstream has held a total of seven open meetings since the beginning of the year. Four of the meetings focused on plan networks, providers, benefits, and innovative benefit design. What the Workstream learned from the early meetings is that historically underserved communities face the greatest challenges in finding high-quality health care, often due to inadequate provider networks. Workstream members heard presentations on how state insurance regulators can require more inclusive networks from their carriers to promote better access to appropriate care.

Later discussions focused on health carrier benefit design practices that limit access to care, such as burdensome cost sharing or utilization management protocols placed on high-value health care services or prescription drugs. Workstream members heard presentations on tools available to state insurance regulators that lower barriers to such care.
Draft Pending Adoption

Commissioner Borrane reported that the other focus of the Workstream has been on consumer engagement and education, and three meetings focused on those topics. The Workstream’s objective has been to identify successful methods of reaching communities and micro-communities of historically underrepresented and underserved people, including strategies to identify those communities and engage with them by connecting them to coverage and assisting with the utilization and retention of that coverage.

During the first meeting, the Workstream heard presentations on successful strategies for reaching the uninsured from navigator programs; market partners; and the state-based exchange marketplaces of California, Maryland, and Nevada. During the second meeting, the Workstream heard from Florida Covering Kids & Families; Nightingale Partners; and the New York State Behavioral Health Ombudsman Program, also known as CHAMP. The presenters shared effective strategies for applying outreach mechanisms to aid consumers beyond the enrollment period, including how to support consumer access to their purchased coverage, particularly accessing behavioral health services. Nightingale Partners also discussed strategies for ensuring that services are available to consumers through investments within underserved communities and how those investments can lead to better utilization of coverage and improvement in health outcomes. The last meeting included presentations from Health Equity Solutions, the Disability Rights Education and Defense Fund (DREDF), and again from Florida Covering Kids & Families. The presenters shared strategies on the importance of recognizing distinctions among and within communities as effective strategies are developed for identifying subgroups and building more specific pathways to reach them and work effectively with them.

Beginning in 2023, the Workstream plans to begin work on developing a state insurance regulator guide or “tool kit” that presents potential tools and strategies for state insurance regulators to use to address the barriers to care the Workstream has identified. The Workstream plans to use the information gathered during its meetings to develop the guide. The Workstream hopes to complete its work by the 2023 Spring National Meeting.

8. Adopted Workstream One Recommendations

Commissioner Woods reported that Workstream One appreciates the support and commitment that it has heard from industry and other stakeholders to improve the level of diversity and inclusion within the insurance industry. Workstream One recognizes the importance of recruiting, retaining, and promoting talent at all levels of organizations, who are representative of insurers’ customers and communities. As the recommendations are made clear, the Workstream understands that not all insurers and insurance trades are starting from the same place when it comes to their DE&I efforts, but the Workstream encourages measures among industry to recruit and retain talent that is representative of our communities.

Jillian E. Froment (American Council of Life Insurers—ACLI) stated that life insurance carriers have vowed to drive solutions to address racial inequities, including through the ACLI’s economic empowerment and racial equity initiative. This initiative has launched programs and concrete steps to change outcomes for communities of color with a tremendous emphasis on leveraging the industry’s capability for building financial security for families through all stages of life and across generations. Assessing, advancing, and accounting for DE&I representation in the industry workforce in leadership is a top priority as well. The ACLI is actively engaged to expand efforts and looks forward to continued dialogue with the Special Committee on these important priorities.

Frank O’Brien (American Property Casualty Insurance Association—APCIA) stated that the APCIA is supportive of the adoption of these recommendations and appreciates the input that has been provided and the actions that
Draft Pending Adoption

have been taken specifically on the input APCIA provided. The APCIA looks forward to continued work with the NAIC and the Special Committee on these issues going forward.

Commissioner Ommen made a motion, seconded by Commissioner Donelon, to adopt the Workstream One recommendations (Attachment Two). The motion passed unanimously.

9. **Adopted the Health Innovations (B) Working Group Report**

Commissioner Houdek reported that the Special Committee charged the Health Innovations (B) Working Group with evaluating mechanisms to reduce disparities through a few different means, including telehealth services and alternative payment modes. Since early 2021, the Working Group heard numerous presentations on these topics with presentations offered by stakeholders, such as the Center for Connected Health Policy (CCHP); the American Psychiatric Association (APA); and several health plans, including Blue Cross and Blue Shield of North Carolina, Anthem, and others. The Center for Insurance Policy and Research (CIPR) produced detailed research for the Working Group on telehealth and alternative payment models. The results of these efforts are summarized in the memo (Attachment Three) approved by the Working Group. A few key findings regarding telehealth include that telehealth has great potential to bridge the gap in access to care by connecting isolated people with culturally competent health practitioners and reducing the need for transportation to receive such care. To help ensure that the greater use of telehealth does not exacerbate disparities, state insurance regulators should be aware of the limitations and consider steps to increase digital literacy and access to the technology patients need to support the delivery of telehealth services, such as hardware, software, and broadband access.

Regarding alternative payment models, some of the key findings include alternative payment models (APMs), and value-based payments (VBPs) have incentives that could either ameliorate or exacerbate health disparities. State insurance regulators can closely monitor health insurers’ use of APMs or VBPs, seeking to better understand how their regulatory tools can be used to encourage models that promote greater provider engagement with disadvantaged populations, reform models that can lead to providers avoiding high-need populations, and seek ways to promote the testing and implementation of more effective risk adjustment mechanisms for APMs.

Commissioner McVey made a motion, seconded by Commissioner Mulready, to adopt the report of the Health Innovations (B) Working Group. The motion passed unanimously.

10. **Heard a Report on International Association of Insurance Supervisors (IAIS) Diversity Initiatives**

Director Cameron, Commissioner Anderson and Director Lindley-Myers provided an update on the International Association of Insurance Supervisors’ (IAIS’s) activities. The IAIS recently released a stock-take report on DE&I actions in the insurance sector around the globe, which includes some of the NAIC domestic activities.

Commissioner Anderson reported that the International Insurance Relations (G) Committee has been actively monitoring and participating in many workstreams at the IAIS, one of which has been their work on DE&I. The IAIS has recognized DE&I as a pivotal tool for several strategic themes identified in the IAIS Strategic Plan 2020–2024, such as conduct and culture, but also financial inclusion, sustainable economic development, and technological innovation. They also have an appointed Champion of DE&I who helps to facilitate and guide much of their work in the area. The current DE&I work is housed within the IAIS’s Governance and Market Conduct Working Groups; the NAIC is a member of both groups. Ms. Boswell virtually joined the working groups over the summer to present on the NAIC’s DE&I initiatives, highlighting the priority the NAIC has put on the topic.
Draft Pending Adoption

The IAIS published its Stocktake on Diversity, Equity and Inclusion in the Insurance Sector. This Stocktake is the result of a survey sent to IAIS members earlier this spring, in which the NAIC participated; California and Washington also submitted responses as individual members of the IAIS. The report summarizes DE&I already being undertaken by insurance supervisors in various jurisdictions around the world. It also includes DE&I efforts and information from relevant international organizations and the insurance industry, with a view to identifying areas where the IAIS could do further work in this area in support of its mission and strategic plan. Some of the key findings in the report include:

- Just over half of the supervisors that responded to the survey attribute a medium or high priority to taking supervisory action to promote DE&I within insurers.
- Most respondents believed they had a supervisory mandate to act, while a minority believed they did not or that they face other legal constraints.
- A third of survey respondents have conducted an analysis of the state of DE&I in the insurance industry in their jurisdiction and have observed that action is being undertaken not only by individual insurers but also by industry associations at various levels.

Commissioner Anderson encourages everyone to review the Stocktake, as it provides interesting information on what is happening on DE&I across the globe. As IAIS members, the NAIC will continue to contribute to IAIS DE&I initiatives as the IAIS moves forward in 2023 and keep the International Insurance Relations (G) Committee and the Special Committee informed along the way.

Director Lindley-Myers noted that she participated in the IAIS Annual Conference panel on DE&I for better consumer and prudential outcomes. The discussion looked at the topic from both the supervisory and industry viewpoint, and it considered how embedding DE&I supports better governance and stronger decision-making and equips insurers and supervisors to better serve customer needs.

Director Lindley-Myers noted that her comments highlighted much of the work of the Special Committee, including a review of the progress the NAIC has made in the five workstreams. She was able to spotlight the many achievements and milestones the NAIC has accomplished this year through the work of the DE&I Council and with Boswell. She noted the importance for state insurance regulators to review and maintain practices that promote DE&I within their organizations to reflect the diverse pool of consumers the NAIC represents throughout the country. Her remarks also touched on the uniqueness of the state-based system of regulation in the U.S. and how individual states are incorporating DE&I into their regulatory frameworks.

11. Received an Update on the Member Diversity Leadership Forum

Ms. Boswell introduced two member diversity leaders, Chandara Phanachone and Veronica Murray, who will present on accomplishments of the Member Diversity Leadership Forum.

Chandara Phanachone, Director of the Insurance Diversity Initiative in CA, leads the charge to advance greater opportunities in supplier and insurer boardrooms, as well as diversity for women, LGBTQ+ people, veterans, disabled veterans, and people from historically underrepresented communities. She reported that the Forum achieved a lot in the span of a year, ranging from increasing outreach and visibility at national meetings, sharing best practices, presenting women in leadership, and responding to microaggressions in the workplace during DE&I breakfasts at national meetings. The Forum created a centralized SharePoint site to share resources among
Draft Pending Adoption

members, and it holds quarterly meetings where members share their department’s DE&I practices, initiatives, and polices with the group, most recently hearing from the District of Columbia and Louisiana.

Veronica Murray, Diversity, Equity, and Inclusion Manager and Affirmative Action Representative in Oregon, provides leadership, creativity, and an innovative approach to attracting and retaining underrepresented people collaborating with the management of the development of strategic talent acquisition, and she serves as an internal consultant change agent to effectively build a diverse and inclusive environment and organization. She reported that Boswell’s arrival at the NAIC brought great collaboration among state insurance department DE&I leaders around the country and between state insurance regulators and the NAIC. DE&I work not only helps employees of color, but everyone the departments touch and serve. Goals of diversity leaders include enhancing DE&I knowledge, investing in community engagement and accessibility, reducing barriers to access resources to advance opportunity in underserved and underrepresented communities, and collecting and using data to continually improve our services and policies.

Ms. Boswell provided an update on DE&I state insurance regulator coursework offered by the NAIC. The pilot phase is Jan. 9–17, 2023, and the second phase when the program launches begins Feb. 6, 2023. State insurance regulator volunteers for the pilot course are needed and require a commitment to provide feedback after taking seven hours of coursework. Contact Boswell for more information.

The next Diversity Leadership Forum quarterly meeting is Jan. 23, 2023, and Boswell asked the remaining commissioners to identify their diversity leaders so all departments are represented. The 3rd annual NAIC DE&I Conference will be June 8, 2023, at the Kansas City Loews Hotel. The conference keynote speaker is John Quinones, ABC News correspondent and host of “What Would You Do?”. The 2022 NAIC DE&I Annual Report is available and includes what the NAIC is doing by way of best practices for DE&I initiatives.


Raymond G. Farmer, NAIC Past President and former South Carolina Insurance Director, provided an update on behalf of the Board of Directors of the New Avenues to Insurance Careers (N.A.I.C.) Foundation.

The Foundation was formally established on May 5. There is a lot of activity within the insurance regulatory community and the insurance industry on diversity and inclusion efforts, and the Foundation’s conversations during this set-up phase have focused on identifying where the N.A.I.C. Foundation can best enhance those ongoing efforts. The Board believes the Foundation is in a very unique position, as it has the potential to bring the regulatory community and industry together in supporting students from diverse backgrounds as they pursue their education and look to insurance as a possible career choice.

The Board believes the best way to do this is by providing students with the opportunity to serve as an intern with a department and company for one summer and then be provided with a scholarship following the successful completion of the internship. The Board is in the process of surveying the states to identify department internship programs that it can partner with, and once those programs have been identified, it will work with the departments to identify companies within their state that may be interested in providing the company side of the intern experience. The Board is also working on developing a communication plan to share with students who may be interested in these opportunities.
Draft Pending Adoption

In addition, with the assistance of outside counsel, the Board is in the process of completing the Internal Revenue Service (IRS) application for tax-exempt status and has completed a set of bylaws and a plan of operation to guide its governance and procedures as it continues this effort.

The Foundation is very pleased with the progress that has been made since its establishment, and it looks forward to even more progress and much success as we enter 2023.

Having no further business, the Special (EX) Committee on Race and Insurance adjourned.

SharePoint/NAIC Support Staff Hub/Committees