NAIC | NATIONAL MEETING SPRING 2022

Date: 4/5/22

2022 Spring National Meeting
Kansas City, Missouri

BIG DATA AND ARTIFICIAL INTELLIGENCE (H) WORKING GROUP
Tuesday, April 5, 2022
11:00 a.m. – 12:30 p.m.

Meeting Summary Report

The Big Data and Artificial Intelligence (H) Working Group met April 5, 2022. During this meeting, the Working Group:

1. Discussed its 2022 work plan, which includes the following four workstreams:
    A. The first workstream will continue the survey work regarding industry's use of artificial intelligence (AI)/machine learning (ML). The subject matter experts (SMEs) involved in this workstream will continue the analysis of the AI/ML Private Personal Auto (PPA) survey data, use PPA survey data and experience to inform the development of an AI/ML Homeowners survey, and develop an AI/ML Life Insurance survey. The Homeowners survey will be issued in June, and the Life Insurance survey will be issued in August. Company responses will be collected on a confidential basis. All the survey results will culminate in the publication of a white paper to provide insights on the industry's use of data and AI/ML in these three lines of business. This paper will not identify specific company practices. The Working Group intends to publish the white paper by the Fall National Meeting.
    B. The second workstream will focus on the review of third-party data and model vendors to determine the appropriate regulatory framework for monitoring and overseeing industry's use of third-party data and model vendors. This work will be completed by the Fall National Meeting with suggestions for implementation of deliverables to be considered by the Innovation, Cybersecurity, and Technology (H) Committee.
    C. The third workstream will gather data and evaluate information on governance models/frameworks and software tools/resources from various sources, including vendors; academics; industry; and international supervisory authorities, which could assist state insurance regulators in overseeing and monitoring industry's use of data and AI/ML and eliminate unintended bias in such use. This work will involve coordination with other NAIC committees engaged in similar efforts.

D.   The fourth workstream is focused on how to implement the expectations outlined in the NAIC AI Principles and provide suggestions on next steps, which could include regulatory guidance such as model governance. The other workstreams will help inform the recommendations for this workstream. Because of this, the final deliverable of this workstream is not anticipated to be presented to the Committee until fall 2023.

2.   The Working Group received an update on the PPA AI/ML preliminary survey results. The update provided a summary of the company response regarding the use of AI/ML broken down by the functional areas of claims, fraud detection, marketing, rating, underwriting, and loss prevention. The preliminary analysis reflects that 155 of the 193 companies that responded to the survey are or will be using AI/ML within claims operations; 111 companies are or will be using AI/ML within fraud detection; 103 companies are or will be using AI/ML within marketing; 77 companies are or will be using AI/ML within rating; 59 companies are or will be using AI/ML within underwriting; and only three companies have AI/ML implemented in production for loss prevention. The preliminary results also reflected that 82% of rate models are developed internally while 18% are developed by a third party. The NAIC will continue to work with state insurance regulators to analyze the results of the PPA AI/ML survey.

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NAIC | NATIONAL MEETING
SPRING 2022

Date: 3/24/22

Virtual Meeting
(in lieu of meeting at the 2022 Spring National Meeting)

CYBERSECURITY (H) WORKING GROUP
Wednesday, March 23, 2022
2:00 – 3:00 p.m. ET / 1:00 – 2:00 p.m. CT / 12:00 – 1:00 p.m. MT / 11:00 a.m. – 12:00 p.m. PT

Meeting Summary Report

The Cybersecurity (H) Working Group met March 23, 2022. During this meeting, the Working Group:

1. Reviewed its charges and discussed projects that may be taken on based on its charges and needs of state insurance regulators, which included the following items:
   A. Considering the development of a cybersecurity response plan to aid state insurance regulators in situations where cybersecurity events take place within the insurance industry.
   B. Considering the development of a cybersecurity survey to better understand cybersecurity practices by insurers.
   C. Advising NAIC staff on training that would be beneficial to state insurance regulators.
   D. Monitoring state, federal, and international cybersecurity efforts.

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NAIC | NATIONAL MEETING
SPRING 2022

Date: 3/31/22

REGULATOR-TO-REGULATOR SESSION

Virtual Meeting
(In lieu of meeting at the 2022 Spring National Meeting)

E-COMMERCE (H) WORKING GROUP
Wednesday, March 30, 2022
10:00 – 11:00 a.m. ET / 9:00 – 10:00 a.m. CT / 8:00 – 9:00 a.m. MT / 7:00 – 8:00 a.m. PT

Meeting Summary Report

The E-Commerce (H) Working Group met March 30, 2022. During this meeting, the Working Group:

1. Heard opening comments from Commissioner Kathleen A. Birrane (MD) and Commissioner Troy Downing (MT) regarding the Working Group's overall status and its intent to meet its charges during 2022.

2. Heard a summary of the recent state and industry surveys regarding the Uniform Electronic Transactions Act (UETA), actions taken by states regarding electronic commerce both during and because of the pandemic, as well as industry concerns and recommendations moving forward with electronic commerce.

3. Discussed its overall work plan and timelines moving forward. Several state insurance regulators volunteered to begin identifying the various overarching issues and themes contained in the survey results to further clarify the Working Group's work plan.

4. Discussed plans to have its state insurance regulator volunteer group complete its work by the end of April 2022 and convene another regulator-only meeting in May for further discussion and planning.

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