

2020 Summer National Meeting
Virtual Meeting

BIG DATA (EX) WORKING GROUP

Tuesday, August 4, 2020

12:30 – 1:30 p.m. ET / 11:30 a.m. – 12:30 p.m. CT / 10:30 – 11:30 a.m. MT / 9:30 – 8:30 a.m. PT

Meeting Summary Report

The Big Data (EX) Working Group met Aug. 4, 2020. During this meeting, the Working Group:

- 1.. Adopted its 2019 Fall National Meeting minutes.
2. Received an update from the Casualty Actuarial and Statistical (C) Task Force. The Task Force is drafting a *Regulatory Review of Predictive Models* white paper to provide best practices for the review of predictive models and analytics filed by insurers to justify rates. The priority question being addressed is whether state insurance regulators can determine whether predictive models, as used in rate filings, are compliant with state laws and regulations. The four best practices for regulatory review outlined in the paper are: 1) ensure compliance with state rating laws; 2) review all aspect of a model (data assumptions, adjustments, variables, input and outputs); 3) evaluate how a model interacts with and improves the rating plan; and 4) enable competition and innovation.
3. Received an update from the Accelerated Underwriting (A) Working Group. The Working Group began its work in October 2019 and has met 16 times to gather information about accelerated life insurance underwriting. The Working Group has received presentations from actuarial consulting firms, the American Academy of Actuaries (Academy), life insurance companies, consumer advocates and law firms. The next step for the Working Group is to make a recommendation on a final work product. The Working Group will circulate a first draft of its work product by the end of 2020 and complete its work by the 2021 Summer National Meeting.
4. Received an update on NAIC technical and nontechnical rate review trainings. Starting on Nov. 13, 2019, and ending in June 2020, the NAIC Education and Training department hosted biweekly statistical training for regulatory review of property/casualty (P/C) rate models (technical training). State insurance regulators received technical training in exploratory data analysis and statistical techniques insurers are using to develop P/C risk classification and rating plans. The next phase of training was devoted to specific advanced statistical techniques. Course topics included generalized linear models (GLMs), generalized additive models (GAMs), gradient boosted trees, random forest ensembles and decision tree models. Model validation techniques were also covered. The NAIC also sponsored two non-theoretical, practical webinars, designated as “nontechnical webinars.” The NAIC plans to provide training targeted specifically to market conduct examiners.
5. Received an update on NAIC technical services to state insurance regulators for the review of P/C rate models. State insurance regulators will be able to share information through a confidential model database and obtain NAIC technical assistance when reviewing a specific company’s filed P/C rate model.

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Conference Calls

SPEED TO MARKET (EX) WORKING GROUP
June 15, 2020 / June 30, 2020 / July 15, 2020

Interim Summary Report

The Speed to Market (EX) Working Group met via conference call June 15, June 30 and July 15, 2020.

1. During its June 15, conference call, the Working Group:
 - a. Received an update on the SERFF Advisory Board and System for Electronic Rate and Form Filing (SERFF) metrics.
 - b. Received an update from the Interstate Insurance Product Regulation Commission (Compact).
 - c. Discussed SERFF State Reports.
 - d. Adopted the suggestion to create a SERFF canned report for rate changes.
2. During its June 30, conference call, the Working Group:
 - a. Discussed suggestions for 2020 changes to the Life, Accident/Health, Annuity and Credit Uniform Product Coding Matrix (PCM) and Uniform Transmittal Document effective Jan. 1, 2021. Two of the suggested changes were adopted:
 1. Change the term “implementation date” to “effective date” on the Uniform Transmittal Document within the SERFF system general information area and on the disposition letter.
 2. Add a sub-type of insurance (TOI) for expatriate plans under H15G and H15I. The description would be expatriate plans that are not required to comply with all state or federal mandates for health benefits.
3. During its July 15, conference call, the Working Group:
 - a. Adopted its June 15 minutes.
 - b. Discussed suggestions for 2020 changes to the Property and Casualty Uniform PCM and Uniform Transmittal Document effective Jan. 1, 2021. None of the suggested changes were adopted.
 - c. Discussed plans for a future call at the end of August to discuss the SERFF canned report in more detail and other topics related to the Working Group’s charges.
4. Conducted an e-vote on July 31 to adopt its July 15 and June 30 minutes.

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ARTIFICIAL INTELLIGENCE (EX) WORKING GROUP
Wednesday, June 30, 2020
3:30 – 4:30 p.m. ET / 2:30 – 3:30 p.m. CT / 1:30 – 2:30 p.m. MT / 12:30 – 1:30 p.m. PT

Meeting Summary Report

The Artificial Intelligence (EX) Working Group met June 30, 2020. During this meeting, the Working Group:

1. Adopted its June 3 minutes, which included the following action:
 - a. Adopted its May 5 minutes.
 - b. Continued reviewing the draft Principles on Artificial Intelligence (AI Principles); and
 - c. Reviewed a proposed timeline for adoption of the AI Principles.
2. Discussed comments related to the draft AI Principles introductory language, legal liability and proxy discrimination.
 - a. Reviewed written and verbal comments submitted by Working Group members and interested parties.
 - b. Adopted the AI Principles draft version 5 with the addition of the introductory language proposed by the American Property Casualty Insurance Association (APCIA).
 - c. Discussed the process for exposing the AI Principles for comment prior to the Innovation and Technology (EX) Task Force discussing it during its July 23 meeting.

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