2023 Summer National Meeting
Seattle, Washington

BIG DATA AND ARTIFICIAL INTELLIGENCE (H) WORKING GROUP
Sunday, August 13, 2023
8:00 – 9:00 a.m.

Meeting Summary Report

The Big Data and Artificial Intelligence (H) Working Group met Aug. 13, 2023. During this meeting, the Working Group:

1. Adopted its Spring National Meeting minutes.

2. Received updates on the home artificial intelligence (AI)/machine learning (ML) public report and the life AI/ML survey. The survey was conducted under the market examination authorities of 10 requesting states (Connecticut, Illinois, Iowa, Louisiana, Nevada, North Dakota, Pennsylvania, Rhode Island, Vermont, and Wisconsin) and completed by insurers who write home insurance in one of the 10 participating states and have at least $50 million in national homeowners insurance premium for 2020. Out of 194 companies completing the survey, 136 companies currently use, plan to use, or plan to explore using AI/ML as defined for this survey. This equates to approximately 70% of reporting companies. For comparison, approximately 88% of the companies responding to the private passenger auto (PPA) survey reported they currently use, plan to use, or plan to explore using AI/ML. Among insurer operations areas, companies reported varying levels of AI/ML use, from 14% in the loss prevention area to 54% in claims operations. From maximum to minimum use, the percentage of companies using AI/ML by insurer function were: claims, 54%; underwriting and marketing, both at 47%; fraud detection, 42%; rating, 35%; and loss prevention, 14%. The top two most popular reasons reported for not using, not planning to use, and not exploring the use of AI/ML were "no compelling business reason," and "waiting for regulatory guidance."

3. Heard a presentation on generative AI, which addressed how generative AI currently works, the emerging capabilities of generative AI, how to measure and mitigate AI risk, insurance industry examples of the benefits of AI, and common AI terms and definitions.

Draft: 6/26/23

Innovation in Technology and Regulation (H) Working Group
Virtual Meeting
April 27, 2023

The Innovation in Technology and Regulation (H) Working Group of the Innovation, Cybersecurity, and Technology (H) Committee met April 27, 2023. The following Working Group members participated: Jason Lapham, Chair (CO); Dana Popish Severinghaus and C.J. Metcalf, Co-Vice Chairs (IL); Matt Walsh, Co-Vice Chair (OH); Erick Wright (AL); Letty Hardee (AR); Lucy Jabourian (CA); George Bradner (CT); Dana Sheppard (DC); Tim Li (DE); Gordon I. Ito (HI); Jared Kirby (IA); Weston Trexler (ID); Shannon Lloyd (KS); Abigail Gall (KY); Rachel M. Davison (MA); Kory Boone (MD); Sandra Darby (ME); Chad Arnold (MI); Cynthia Amann (MO); Ryan Blakeney (MS); Chris Aufenthie and Colton Schulz (ND); Cassie Soucy (OR); Shannen Logue (PA); Joe McElrath (TX); Melissa Gerachis (VA); Eric Slavich (WA); Jennifer Stegall and Timothy Cornelius (WI); and Juanita Wimmer (WV).

1.   Discussed an Overview of its 2023 Work Plan

Lapham said the Working Group's 2023 work plan was submitted to the Innovation, Cybersecurity, and Technology (H) Committee leadership. At the Spring National Meeting, Commissioner Michael Conway (CO) gave an overview of the work plan during the Committee's meeting. He said the Working Group plans to develop a SupTech Forum to allow state insurance regulators to share insights on current innovations and technologies they use in their respective states. He said the Working Group is also looking to develop an Insurtech Forum that will allow state insurance regulators to have one-on-one discussions with insurers and third-party insurtechs that work with insurers about the types of technologies and innovations those insurers and third parties are using, as well as the regulatory barriers and opportunities that exist around those technologies. He said the Working Group will monitor industry developments and create insurtech training for state insurance regulators. As issues arise, the Working Group will pass along referrals to the appropriate NAIC working group or committee.

2.   Discussed the Development of a SupTech Forum

Lapham said the idea of a SupTech Forum is for a regulator-to-regulator webinar that would be a forum for states to present on supervisory technologies they are using, which would be beneficial for other state insurance regulators to hear about. He said the point of the webinar is to foster innovative thinking on how state insurance regulators do their jobs. He said one example of supervisory technology is the North Dakota project using blockchain technology to collect uninsured motorist data.

Brander said he would volunteer to present a webinar on Connecticut's use of artificial intelligence (AI) and machine learning (ML) to review files.

Boone said Maryland has many projects it is working on. He said examples include digitizing portable document formats (PDF files) to make it easier for people to fill out forms on their tablets or smartphones using a ticketing system to track complaints and upgrading enterprise accounting software.

Lapham said the goal is to display various supervisory technologies because not all technologies will work in every state. He said small technology upgrades are just as important to showcase as large, innovative projects.

3. Discussed the Development of an Insurtech Forum

Lapham said Working Group leadership and NAIC staff drafted an outline of an Insurtech Forum program to be held at the 2023 NAIC Insurance Summit. He said the Working Group is looking for volunteers to assist with designing and participating in the program.

Lapham said the forum's objective is to facilitate conversations between state insurance regulators, insurers, insurtechs, and interested parties about the types of innovations and technologies available to insurers and insurtechs and the potential regulatory barriers and opportunities. He said the goal is to invite four to six insurtech companies to engage in conversations with the participants in a round-robin style setting. He said it would be helpful to hear from state insurance regulators and interested parties that have participated in similar events to finetune the forum before the launch at the Insurance Summit.

Logue said she would support this effort. She said Pennsylvania created a pipeline that facilitates these conversations with insurers and insurtechs to discuss their innovative technologies with state insurance regulators. She said a forum like this would be a good opportunity to have state insurance regulators from multiple states weighing in on the conversations.

Amman suggested contacting the Insurance Regulatory Examiners Society (IRES) and the Society of Financial Examiners (SOFE) to ask about possible presenters or volunteers for both the SupTech Forum and Insurtech Forum initiatives.

Miguel Romero (NAIC) said the perspective from interested parties would benefit the program's design and implementation.

4. Heard a Presentation from the Aite-Novarica Group on ChatGPT

John Keddy (Aite-Novarica Group) said ChatGPT and other emerging technologies are the hottest topics across all insurance industry sectors. He said the Aite-Novarica Group surveyed the industry and collected data on various technologies. He said in the property/casualty (P/C) industry, interest lies in cloud computing, low-code and no-code technologies, and AI. He said there is also a developing interest in unstructured data. He said the life, annuities, and benefits industry has shown similar interest, with an even higher deployment rate of these technologies driven by larger carriers. He said chatbots have a high deployment rate across the industry, but that technology differs from the technology behind ChatGPT.

Keddy said large insurers especially are taking advantage of data lakes to transform enterprise data management. He said insurers of all types recognize the value of "big data" sources. He said interest in blockchain technology remains more modest.

Keddy said P/C insurers have invested heavily in ML and unstructured text capabilities. He said data is used to drive the training of algorithms in AI. He said the life, annuities, and benefits industry has a higher deployment rate of unstructured text capabilities and voice recognition technology.

Keddy said the survey results show that sustained investment in data, plus broad interest in AI, investment in cloud technology, and fervor around technologies like ChatGPT means now is the time for engagement in AI topics.

Keddy said when discussing AI, it is best first to define the technology, as there are many different technologies under the AI umbrella. He said the trajectory of the AI conversation has rapidly increased in 2023 due to the excitement around ChatGPT. He said ChatGPT is just one technology under the natural language processing part of AI. He said it is best for companies to not only focus on ChatGPT but to look holistically at AI and its uses within the company.

Keddy said outside of the insurance industry, AI has already arrived. He said examples include home security, medical scanning for tumors or diseases, and cybersecurity.

Keddy said his perspective on AI technology is that it should remove abstractions and work within reality, and AI decisions must be explainable and compared to human decisions.

Keddy said technologies and data scientists testing out new models and approaches have more risks. He said automated ML allows people who do not understand the technologies, statistics, or data to create new models, which is a high-risk activity.

Keddy said the takeaways of this discussion include the following: 1) due to sustained investment and recent fervor, now is the time for a conversation on emerging technologies; 2) ChatGPT is an incredibly powerful tool, but the industry should focus on the larger conversation of AI; and 3) the force must be respected, but fundamental principles must not be abandoned.

Lapham said the Working Group will continue to monitor these fast-moving emerging technologies and consider the possibility of developing state insurance regulator training on these technologies.

Having no further business, the Innovation in Technology and Regulation (H) Working Group adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/H CMTE/ Summer 2023/WG_ITR/ Inn In Tech and Reg WG Minutes Final 0427.docx

2023 Summer National Meeting
Seattle, Washington

PRIVACY PROTECTIONS (H) WORKING GROUP
Sunday, August 13, 2023
11:30 a.m. – 1:00 p.m.

Meeting Summary Report

The Privacy Protections (H) Working Group met Aug. 13, 2023. During this meeting, the Working Group:

1. Adopted its April 18, May 2, May 16, In Person Interim Meeting, July 25, and Spring National Meeting minutes, which included the following action:
    a. The Working Group discussed comments received and collaborated on workable language at the Spring National Meeting, during open Working Group meetings APRIL 18, May 2, May 16, and during the in-person, two-day interim meeting in Kansas City, MO, June 5 and 6. THE seven topics discussed at the interim meeting were:
        i.   Third-Party Service Providers, Including the Definition of Third-Party Service Providers; Third-Party Service Providers Not Related to an Insurance Transaction but Have Access to Consumers' Personal Information; and Contracts with Third-Party Service Providers.
        ii. Definitions of Insurance Transactions and Additional Permitted Transactions.
        iii. Marketing, including Marketing Insurance Products to Consumers Using Consumers' Personal Information (PI); Marketing Other Products to Consumers Using Consumers' PI; AND Affiliate Marketing.
        iv. Joint-Marketing Agreements (JMAs); JMAs With Affiliates; AND JMAs with Non-Affiliated Third Parties.
        v.   Opt-In vs. Opt-Out Consent to Marketing and the Difference Between Marketing Insurance and Non-Insurance Products
        vi. Notice of Consumer Privacy Practices – Contents.
        vii. Notice of Consumer Privacy Protections – Frequency and Methodology of Delivery.

b. The interim meeting sessions were working sessions that were focused on the drafting of model language. the 112 in-person attendees (29 Regulators, including 1 commissioner; 3 NAIC Consumer Representatives; 68 Industry Representatives; and 12 NAIC staff) were asked to Be prepared to consider new language and offer their pros and cons. Participants were asked to keep their comments specific to the topic under discussion. topics already discussed in open meetings were not revisited during this meeting.

c. Because version 1.2 OF the new model #674 was based on changes that were discussed at the interim meeting, The Working Group exposed IT July 11, with a public comment period ending July 28. The drafting group continued its meetings with Industry trades companies privately to discuss current consumer data practices on July 28, August 2, August 3, August 3 (2 meetings), and August 9.

d. The working group also notified interested parties that so many comment letters have been received since the Interim Meeting that the working group has been unable to post them all prior to the Summer National Meeting. The Working Group will continue posting comments to the website after the National Meeting. Due to the sheer volume of comments and the number of one-on-one calls requested, the Working Group has determined that more time is needed to engage the public and continue drafting the model.

e. The Working Group met in open session on July 25 to discuss comments received and engage the public and to continue drafting the model.

f. The Working Group also met in regulator-to-regulator and open sessions at the Summer National Meeting to discuss key topics noted in the comments received and to discuss an extension of time to develop the new model due to the volume of comments received on the July 11 model draft 1.2.

2. Heard an update on state privacy legislation from Jennifer Neuerburg and federal privacy activity from Shana Oppenheim.

3. Discussed an extension to develop the new Insurance Consumer Privacy Protections Model Law (#674).

4. Discussed the sections on Marketing, Consumer Notices, and Opt-Out / Opt-in in the draft of the new Insurance Consumer Privacy Protections Model Law (#674), Version 1.2.