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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