

MARKET INFORMATION SYSTEMS (D) TASK FORCE

Market Information Systems (D) Task Force Aug. 4, 2020, Minutes

Draft Pending Adoption

Draft: 8/19/20

Market Information Systems (D) Task Force
Virtual Summer National Meeting
August 4, 2020

The Market Information Systems (D) Task Force met via conference call Aug. 4, 2020. The following Task Force members participated: Lori K. Wing-Heier, Chair (AK); Chlora Lindley-Myers, Vice Chair (MO); Alan McClain represented by Crystal Phelps (AR); Elizabeth Perri (AS); Evan G. Daniels represented by Maria Ailor (AZ); Ricardo Lara represented by Don McKinley and Pam O'Connell (CA); Michael Conway represented by Damion Hughes (CO); Trinidad Navarro represented by Frank Pyle (DE); Doug Ommen (IA); Robert H. Muriel represented by Erica Weyhenmeyer (IL); Vicki Schmidt represented by Tate Flott (KS); Sharon P. Clark represented by Russell Hamblen (KY); James J. Donelon represented by Jeff Zewe (LA); Steve Kelley represented by Matthew Vatter (MN); Jon Godfread represented by Johnny Palsgraaf (ND); Marlene Caride represented by Ralph Boeckman (NJ); Barbara D. Richardson represented by Nick Stosic (NV); Jillian Froment represented by Robert Stroup (OH); Glen Mulready represented by Landon Hubbart (OK); Kent Sullivan represented by Rachel Cloyd (TX); Michael S. Pieciak represented by Christine Rouleau (VT); Michael Kreidler represented by John Haworth (WA); and James A. Dodrill (WV). Also participating were: Brent Kabler (MO); and Larry Wertel (NY).

1. Adopted its 2019 Fall National Meeting Minutes

Director Wing-Heier said the Task Force met Dec. 7, 2019. During this meeting, the Task Force took the following action: 1) adopted its Oct. 29, 2019, minutes; 2) adopted the report of the Market Information Systems Research and Development (D) Working Group; 3) adopted the Market Information Systems (MIS) Data Analysis Metrics and Recommendations; and 4) reviewed outstanding Uniform System Enhancement Request (USER) forms.

Mr. Haworth made a motion, seconded by Director Lindley-Myers, to adopt the Task Force's Dec. 7, 2019, minutes (*see NAIC Proceedings – Fall 2019, Market Information Systems (D) Task Force*). The motion passed unanimously.

2. Adopted the Report of the Market Information Systems Research and Development (D) Working Group

Mr. Kabler said the Market Information Systems Research and Development (D) Working Group met July 22 and July 8. He said the Working Group heard an update on the request to implement the Market Actions Tracking System (MATS) web service in State Based Systems (SBS). He said the requirements for this request have been defined and approved by the interested states. He said this will allow users to open and update actions in the MATS. SBS is in the beginning stages of development.

Mr. Kabler said the Working Group approved two USER forms to add a subject code of "pandemic" and three coverage codes of "business interruption," "lender-placed insurance," and "pet insurance" in the Complaints Database System (CDS). He said the Working Group also approved the USER form to update the Regulatory Information Retrieval System (RIRS) to display data retention policies and terminology related to action dates.

Mr. Kabler said the Working Group is reviewing the detailed analysis of a USER form to add previously eliminated reason codes in the CDS. The reason codes are to assist in meeting federal reporting requirements under the federal Affordable Care Act (ACA).

Mr. Kabler said the Working Group is continuing to review RIRS codes through the RIRS Code Review Working Group. The subject matter expert (SME) group is updating its original proposal to address questions from the Working Group.

Finally, Mr. Kabler said the Working Group began its review of the 2019 MIS Data Analysis Metrics results.

Mr. Haworth made a motion, seconded by Ms. Rouleau, to adopt the Working Group's report. The motion passed unanimously.

3. Heard a Report on Outstanding USER Forms and Adopted New Subject and Coverage Codes in CDS

Director Wing-Heier said one of the Working Group's charges is to serve as the business partner to review and prioritize submitted USER forms to ensure an efficient use of available NAIC staffing and resources. She said during the 2019 Summer National Meeting, some concern was expressed about the number of USER forms that have not progressed in the last few years. The Task Force requested that the Working Group take a closer look at the prioritization list to determine which projects should be re-prioritized and identify USER forms that are not active.

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Director Wing-Heier said the USER form report has now been split into three major sections: 1) Active USER Forms; 2) USER Forms Being Addressed by *State Ahead* Project; and 3) USER Forms Pending Detailed Analysis. She said the last section consists of those USER form projects that have not yet begun but that the Working Group would like to keep on the report, so the Working Group does not lose track of them. These USER forms are still important, but they have been prioritized lower than those above them on the report.

Director Wing-Heier said the report on USER forms is informational, but the Task Force will consider adoption of two USER forms concerning CDS coding.

Ginny Ewing (NAIC) said USER form 10051 is a request to implement the MATS web service in SBS. She said when the MATS was developed, services were created that could be used by state back office systems to update the MATS. She said this request eliminates the need for states to dual enter data in back office system as well as the MATS. She said the SBS team worked with interested states to define requirements, and it is currently in the process of implementing the first phase, which will allow users to open an action in SBS and send updates to the MATS.

Ms. Ewing said USER form 10053 is a request to enhance the RIRS. She said the RIRS SME group has reviewed comments received after the Working Group's review of its proposed changes, and the SME group is planning to submit an updated proposal for the Working Group to consider later this month.

Ms. Ewing said USER form 10069A is a request to enhance CDS codes. She said it requests adding previously eliminated reason and disposition codes and adding new reason codes. She said the results of a detailed analysis were reviewed during the Working Group's last call, and it will be considered during its next meeting on Aug. 27.

Ms. Ewing said USER form 10080 is a request to update RIRS to provide data retention policies and terminology related to action dates. She said the request includes seven components to provide clarity around the states' regulatory action data in the RIRS. She said two of those components are related to data definitions and will be assisted by the RIRS SME group, and three components are complete. The completed components are: 1) adding the RIRS Data Retention Policy to iSite+; 2) adding an explanation of the RIRS Custody Date to iSite+; and 3) renaming the "Regulatory Systems Participating State Report" to the "RIRS Participating State Report."

Ms. Ewing said USER form 10072 is a request to allow companies to submit new filings for **prior years once Market Conduct Annual Statement (MCAS_[NT1])**. She said the request was completed and released in the first quarter of 2020.

Ms. Ewing said USER form 10069B is a request to add CDS coverage codes for: 1) Lender-Placed Insurance, consisting of Automobile 2nd Level coverage codes for Lender-Placed, Single Interest and Dual Interest; and Homeowner 2nd Level Coverage codes for Lender-Placed, Dual Interest and Hazard; and 2) Pet Insurance, consisting of a miscellaneous coverage code for Pet Insurance. She said the Lender-Placed Insurance codes will allow for better tracking of complaints specific to lender placed insurance on both auto and homeowners that will align with MCAS data reporting. She said it will also allow for the removal of the MCAS data element that companies must report insurance department complaints. She said the Pet Insurance code will allow for more accurate tracking of Pet Insurance complaints. She said the recommended codes are clearly defined, not duplicative of existing codes, and they will add value. She said states' back office systems used to collect complaint data will need to be updated to include the new codes. She said testing will be coordinated with SBS and Sircon. She noted that iSite+ and Consumer Insurance Search (CIS) reports are easily updated via metadata. She said the scope of this project includes updates to the CDS in coordination with state back office systems to include the new codes. The level of effort is between 40 and 120 hours.

Ms. Ewing said USER form 10082 is a request to add new CDS codes for "business interruption" and "pandemic." She said the new codes will allow the states to track complaints related to pandemic events, such as COVID-19, and the tracking of complaints related to business interruption, which is a critical coverage in a catastrophic event. She said the "pandemic" code would be added as a subject code that allows tracking complaints related to a specific condition, which leads to a reason for the complaint. She said CDS is currently capturing subject codes; however, it is not displaying them anywhere. The current CDS reports need to be reviewed to determine where subject code can should be added. Ms. Ewing said the states' back office systems will need to be updated to include the new codes, and NAIC staff will coordinate testing with the vendors.

A new CDS Tableau dashboard is being developed, and it is scheduled to be made available to state insurance regulators this quarter. Since it uses the current metadata, when a new type of coverage code is added, it will be available in the dashboard. Ms. Ewing said the "business interruption" code will be added as a miscellaneous coverage code.

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Ms. Ewing said the scope for adding “pandemic” and “business interruption” includes updates to the CDS in coordination with state back office systems to include the new codes and determining what CDS reports and dashboards to update. She said the level of effort is between 40 and 120 hours.

Mr. Flott made a motion, seconded by Director Lindley-Myers, to adopt USER forms 10069B and 10082 to add a CDS subject code for “pandemic,” and coverage codes for “business interruption,” “lender-placed insurance,” and “pet insurance.” The motion passed unanimously.

4. Heard a Presentation on the Use of AI in MIS

Birny Birnbaum (Center for Economic Justice—CEJ) gave a presentation regarding artificial intelligence (AI), how it used by insurers, the requirements for AI to be effective, and how AI can be used in market regulation. He clarified the distinction between AI and machine learning, noting that AI uses algorithms to mimic human functions, and machine learning takes AI a step further by enabling machines to change the algorithms as they gain more information. He said AI is dependent upon massive amounts of data to be effective. The data must be timely, reliable, granular and sufficient. He noted the current data within NAIC systems is not timely, granular or sufficient enough to be effective in developing algorithms for AI. He outlined two options for using AI in market regulation. One option is to build AI tools for the existing systems, with each AI tool designed to meet a specific purpose. The second option is to determine what the desired outcomes and functionality are and then determine what data is needed to build AI tools to accomplish the functionality.

Having no further business, the Market Information Systems (D) Task Force adjourned.

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