

## Draft Pending Adoption

Draft: 8/29/23

Special (EX) Committee on Race and Insurance  
Seattle, Washington  
August 14, 2023

The Special (EX) Committee on Race and Insurance met in Seattle, WA, Aug. 14, 2023. The following Special Committee members participated: Andrew N. Mais, Co-Chair (CT); Chlora Lindley-Myers, Co-Chair (MO); Jon Godfread, Co-Vice Chair (ND); Scott A. White, Co-Vice Chair (VA); Lori K. Wing-Heier (AK); Mark Fowler (AL); Alan McClain (AR); Michael Conway (CO); Michael Yaworsky (FL); Doug Ommen (IA); Dean L. Cameron (ID); Dana Popish Severinghaus (IL); Amy L. Beard (IN); Sharon P. Clark (KY); James J. Donelon (LA); Judith L. French (OH); Glen Mulready (OK); Gary D. Anderson (MA); Kathleen A. Birrane (MD); Timothy N. Schott (ME); Anita G. Fox (MI); Grace Arnold (MN); Troy Downing (MT); Mike Causey (NC); Eric Dunning (NE); Scott Kipper (NV); Andrew R. Stolfi (OR); Michael Humphreys (PA); Alexander S. Adams Vega (PR); Elizabeth Kelleher Dwyer (RI); Larry D. Deiter (SD); Jon Pike (UT); Kevin Gaffney (VT); Mike Kreidler (WA); Nathan Houdek (WI); and Jeff Rude (WY).

### 1. Adopted its Spring National Meeting Minutes

Commissioner Pike made a motion, seconded by Director Cameron, to adopt the Special Committee's March 23 minutes (*see NAIC Proceedings – Spring 2023, Special (EX) Committee on Race and Insurance*). The motion passed unanimously.

### 2. Heard an Update from AHIP on Health Equity

Dr. LaShawn Mclver (America's Health Insurance Plans—AHIP) noted, as the Chief Health Equity Officer, she will lead AHIP's health equity initiatives, setting and driving strategies to improve health equity for underrepresented and medically underserved communities. She will also provide strategic leadership to drive an overall industry-wide health equity strategic road map for AHIP as a member-driven organization.

Commissioner Mais asked Dr. Mclver what she anticipates will be her greatest opportunities and greatest challenge to advance health equity in this new role.

Dr. Mclver responded that she anticipates coming from the federal Centers for Medicare & Medicaid Services (CMS) during a historic time shaping the future of a more equitable health care system to an organization that represents the other important part of the health care system, which is the private insurers and how they are helping to drive equity, there is opportunity to build a bridge across the entire health care system working towards a healthier nation through a more equitable quality health care system. In terms of challenges, there are differences in understanding what this means and what will be needed to get there as a collective, and understanding where, as a member-driven organization, AHIP members are and how they can coalesce around key priorities to help shift the health care system towards greater equity. Dr. Mclver also noted that no one entity can do this work alone and that true health equity can only be achieved when working together. She said she looks forward to working with the NAIC to continue this important work.

Dr. Mclver asked that as AHIP incorporates this new level of strategic leadership to advance health equity in the health care ecosystem, whether there is current work the NAIC would like to share.

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Commissioner Arnold reported the Health Workstream has been focusing on preventive care and mental health care. The Workstream has discussed mental health care in particular from a parity perspective, but not from a disparity perspective. Anything AHIP can add to the conversation about what plans are doing to address those issues will be of value to the NAIC Membership.

Commissioner Birrane reported that the Special Committee is tracking artificial intelligence (AI) usage by health insurers and for a variety of purposes. One of the areas where health insurers in particular, along with health providers, look at demographic information and use AI for that purpose is to address health equity. Commissioner Birrane noted she would be interested in Dr. McIver's views of the right balance of what kind of information is sought and what kind of AI applications used to gather data and information are useful to get equitable outcomes.

Director Cameron asked how the NAIC can help support AHIP's efforts to promote greater equity in the health care system.

Dr. McIver responded that the NAIC has done incredible work. She said she believes that to develop the best solution, it is helpful to understand what is working from the NAIC perspective, where there are areas for improvement through the lens of equity, and what are the greatest opportunities for this collective to achieve all of those.

Director Cameron said he would have liked to have made more progress during his time as NAIC President with financial literacy and increasing consumer knowledge of the importance and benefits of having insurance coverage. He asked Dr. McIver if there is a way AHIP can help foster that discussion.

Dr. McIver said health and financial literacy are important parts of helping individuals understand health care coverage and navigate the health care system. She directed NAIC Members to a readily available tool that exists within the CMS Office of Minority Health (OMH) called From Coverage to Care, which is a suite of resources available on the internet allowing an individual to navigate the health care system.

### **3. Received an Update on the Member Diversity Leadership Forum**

Chandara Phanachone (CA) provided an update on the Member Diversity Leadership Forum, highlighting the regulator diversity training coursework that has been launched titled Foundations of Diversity, Equity & Inclusion for Regulators. She said the coursework is designed to develop a common foundation for understanding the purpose and value of diversity, equity, and inclusion (DE&I). The coursework consists of three sections: 1) understanding DE&I; 2) cultural proficiency: understanding, awareness, and competency; and 3) DE&I in the workplace.

Gary Jones (PA) stated since its rollout in February 2023, 678 regulators have taken the Foundations of Diversity, Equity & Inclusion for Regulators course and the course rating, as of August 2023, is 4.2 out of 5.0. He said the purpose of this coursework is to come together and understand each other to make the community and workplace better.

Evelyn Boswell (NAIC) noted Ms. Phanachone and Mr. Jones are currently leading the Member Diversity Leadership Forum. Ms. Boswell said the Forum will continue hosting book clubs, attending recruiting fairs, and promoting regulator coursework. She said she is looking to connect department recruiters to Morgan State

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University, a historically Black college and university (HBCU), to assist insurance departments in finding actuarial science interns.

Director Cameron asked for a Foundation update. Kay Noonan (NAIC) said the Foundation is finalizing the arrangements for the first planned internship and scholarship program.

#### **4. Received a Status Report on the Property/Casualty (P/C) Workstream**

Commissioner Gaffney reported that the Property/Casualty (P/C) Workstream continues to focus on engaging with the Collaboration Forum activities related to algorithmic bias. He said the work is best conducted in a collaborative manner, not only through the Collaboration Forum but with the Life Workstream and Health Workstream, as well as the Big Data and Artificial Intelligence (H) Working Group.

Commissioner Gaffney said the Workstream is building on this fundamental work by looking at potential bias in marketing, access to insurance, underwriting, rating, and claims handling, including fraud detection. The Workstream is looking at the product life cycle, starting with marketing and access and moving to underwriting and rating. The Workstream has met with several insurers to focus on marketing and advertising activities. Commissioner Gaffney said that more recently, the Workstream has met with insurers to discuss underwriting and rating. These discussions help to inform the Workstream's work looking at potential algorithmic bias and exploring industry best practices. The Workstream will continue to investigate additional areas of the product life cycle, likely at the Fall National Meeting.

Commissioner Gaffney concluded by saying the Workstream is also looking at recent studies and reports concerning the possibility of unfair bias within underwriting and rating in ongoing research and conversations with additional parties.

#### **5. Received a Status Report on the Life Workstream**

Director French reported that the Life Workstream met July 20 to discuss next steps as the Workstream continues to focus on marketing, distribution, and access to life insurance products in minority communities, including the role that financial literacy plays.

Director French said the Workstream is moving forward with the development of a "resource guide" to be developed in cooperation with the NAIC DE&I Division and State Diversity Leaders. The Workstream envisions developing a resource guide that includes information helpful to state insurance departments looking to take action to improve access and understanding in underserved communities. As a first step, a list of questions was distributed during the State Diversity Leaders Forum on July 24 to catalog state activity. Director French noted the Workstream plans to hold additional meetings, first hearing from Colorado in October and, during the same meeting, a presentation from another state.

Director French concluded by sharing about the Workstream's July 20 meeting, during which it heard from stakeholders interested in sharing resources and information for possible inclusion in the resource guide. She said the Workstream anticipates holding an additional meeting to hear from consumer representatives and industry stakeholders who expressed an interest in also sharing resources and information.

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### 6. Received a Status Report on the Health Workstream

Commissioner Arnold reported that the Workstream met at the Spring National Meeting in regulator-to-regulator session to consider its activities and meetings for 2023. During that meeting, the Workstream decided to: 1) continue its education on benefit design relating to preventative care and mental health coverage and disparities; 2) explore the evolution of the federal Affordable Care Act (ACA) Section 1332 waivers and the innovative uses of them that can be implemented to lower uninsured rates and reduce disparities in states; and 3) continue to provide a forum for sharing innovative programs and initiatives that states and companies are doing to promote health equity.

Commissioner Arnold said during the Workstream's July 24 meeting, it heard presentations focusing on preventative care and lowering barriers to such care, particularly with respect to chronic diseases. The presentations discussed the impact of lowering barriers to care that will increase health equity and reduce disparities. The Workstream is planning to hold a follow-up meeting on this topic in October or early November.

The Workstream plans to meet in late September or early October to hear presentations from a variety of stakeholders, including industry and consumers, on initiatives and programs to reduce mental health disparities.

Commissioner Birrane reported that the Workstream also is scheduled to meet Sept. 19 to hear presentations on the evolution of Section 1332 waivers and other market reforms aimed at lowering state uninsured rates. Additionally, the discussion will explore success in states that have amended their benchmark plans and other market reforms in states to make health insurance more accessible.

Commissioner Arnold noted that the Workstream is also working to create a collaborative workspace on the NAIC Connect platform to provide a forum for Workstream members to share with each other and other NAIC members the information the Workstream has captured during its past and future meetings on removing barriers to health insurance for historically disadvantaged communities. Due to the hard work of the NAIC Member Services & Engagement Division, the Workstream's NAIC Connect platform page is scheduled to go live within the next few weeks as part of the initial pilot rollout, along with the Innovation, Cybersecurity, and Technology (H) Committee. The Workstream plans to meet Sept. 21 to walk members through the features and content on the page.

Having no further business, the Special (EX) Committee on Race and Insurance adjourned.

SharePoint/NAIC Support Staff Hub/Committees/EX CMTE/SCORI/2023\_Summer/\_Final Minutes & Summary/08-RaceIns Minutes.docx

Draft: 11/21/23

*Adopted by the Executive (EX) Committee and Plenary, \_\_\_\_\_, \_\_\_\_\_*  
*Adopted by the Special (EX) Committee on Race and Insurance, \_\_\_\_\_, \_\_\_\_\_*

## **2024 Proposed Charges**

### **SPECIAL (EX) COMMITTEE ON RACE AND INSURANCE**

The mission of the Special (EX) Committee on Race and Insurance is to serve as the NAIC's coordinating body on identifying issues related to: 1) race, diversity, and inclusion within the insurance sector; 2) race, diversity, and inclusion in access to the insurance sector and insurance products; and 3) practices within the insurance sector that potentially disadvantage people of color and/or historically underrepresented groups.

#### **Ongoing Support of NAIC Programs, Products or Services**

1. The **Special (EX) Committee on Race and Insurance** will:
  - A. Serve as the NAIC's coordinating body on identifying issues related to: 1) race, diversity, and inclusion within the insurance sector; 2) race, diversity, and inclusion in access to the insurance sector and insurance products; and 3) practices within the insurance sector that potentially disadvantage people of color and/or historically underrepresented groups.
  - B. Coordinate with existing groups such as the Innovation, Cybersecurity, and Technology (H) Committee, Big Data and Artificial Intelligence (H) Working Group and the Casualty Actuarial and Statistical (C) Task Force and encourage those groups to continue their work on issues affecting people of color and/or historically underrepresented groups, particularly in predictive modeling, price algorithms, and artificial intelligence (AI).
  - C. Receive updates on recommendations on action steps state insurance regulators and companies can take to improve the level of diversity and inclusion in the industry.
  - D. In coordination with the Executive (EX) Committee, receive reports on NAIC diversity, equity, and inclusion (DE&I) efforts. Serve as the coordinating body for state requests for assistance from the NAIC related to DE&I efforts.
  - E. Receive reports from the Member Diversity Leaders Forum concerning best practices among state insurance departments on DE&I efforts.
  - F. Continue research and analysis of insurance, legal, and regulatory approaches to addressing unfair discrimination, disparate treatment, proxy discrimination, and disparate impact. Make recommendations for statutory or regulatory changes and additional steps, including:
    1. (Life Workstream) The impact of traditional life insurance underwriting on traditionally underserved populations, considering the relationship between mortality risk and disparate impact.
    2. (Property/Casualty Workstream) Developing analytical and regulatory tools to assist state insurance regulators in defining, identifying, and addressing unfair discrimination in property/casualty (P/C) insurance, including issues related to:
      - a. Rating and underwriting variables, such as socioeconomic variables and criminal history, including:
        1. Identifying proxy variables for race.
        2. Correlation versus causation, including discussion of spurious correlation and rational explanation.
        3. Potential bias in underlying data.
        4. Proper use of third-party data.
      - b. Disparate impact considerations.

**SPECIAL (EX) COMMITTEE ON RACE AND INSURANCE** *(Continued)*

- G. (Life, Property/Casualty, and Health Workstreams) Consider enhanced data reporting and record-keeping requirements across product lines to identify race and other sociodemographic factors of insureds, including consideration of legal and privacy concerns. Consider a data call to identify insurance producer resources available and products sold in specific ZIP codes to identify barriers to access.
- H. Continue research and analysis related to insurance access and affordability issues, including:
1. (Life Workstream) The marketing, distribution, and access to life insurance products in minority communities, including the role that financial literacy plays.
  2. (Life Workstream) Disparities in the number of cancellations/rescissions among minority policyholders.
  3. (Health Workstream) Measures to advance equity through lowering the cost of health care and promoting access to care and coverage, with a specific focus on measures to remedy impacts on people of color, low income and rural populations, and historically marginalized groups, such as the LGBTQ+ community, individuals with disabilities, and Alaska Native and other Native and Indigenous people.
  4. (Health Workstream) Examination of the use of network adequacy and provider directory measures (e.g., provider diversity, language, and cultural competence) to promote equitable access to culturally competent care.
  5. (Health Workstream) Conduct additional outreach to educate consumers and collect information on health and health care complaints related to discrimination and inequities in accessing care.
  6. (Property/Casualty Workstream) Whether steps need to be taken to mitigate the impact of residual markets, premium financing, and nonstandard markets on historically underrepresented groups.
  7. Make referrals for the development of consumer education and outreach materials, as appropriate.

NAIC Support Staff: Andrew J. Beal/Kay Noonan