



2025 SUMMER NATIONAL MEETING MINNEAPOLIS, MN

7/31/25

2025 Summer National Meeting
Minneapolis, Minnesota

THIRD-PARTY DATA AND MODELS (H) WORKING GROUP

Wednesday, August 13, 2025

8:00 – 9:00 a.m.

Minneapolis Convention Center—101—Level 1

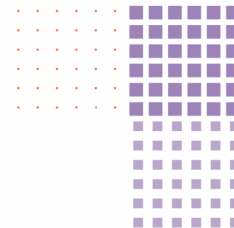
ROLL CALL

Jason Lapham, Chair	Colorado	Phil Vigliaturo	Minnesota
Nicole Crockett, Vice Chair	Florida	Jo LeDuc/Brad Gerling	Missouri
Charles Hale/Richard Fiore	Alabama	Gennady Stolyarov/ Brandon Rocchio	Nevada
Alex Romero/Sian-Ng Ashcraft/ Molly Nollette	Alaska	Christian Citarella	New Hampshire
Tom Zuppan/Lori Dreaver Munn	Arizona	Adrienne A. Harris	New York
Ken Allen/Esteban Mendoza/ Chandara K. Phanachone	California	John Arnold/Tyler N. Erickson/ Colton Schulz	North Dakota
George Bradner/Wanchin Chou	Connecticut	Matt Walsh	Ohio
Lance Hirano/Kathleen Nakasone	Hawaii	David Dahl/Eric Bredeson/ Ying Liu	Oregon
Weston Trexler/Shannon Hohl	Idaho	Shannen Logue	Pennsylvania
Shannon Whalen	Illinois	Beth Vollucci/Matthew Gendron	Rhode Island
Doug Ommen/Jordan Esbrook	Iowa	Andreea Savu	South Carolina
Julie Holmes	Kansas	J'ne Elizabeth Byckovski	Texas
Tom Travis/Caleb Malone	Louisiana	Rosemary Raszka	Vermont
Sandra Darby	Maine	Jessica Baggarley/Eric Lowe	Virginia
Raymond A. Guzman	Maryland	Timothy Cornelius/Amy Malm	Wisconsin
Jackie Horigan	Massachusetts		

NAIC Support Staff: Kris DeFrain/Scott Sobel

AGENDA

1. Consider Adoption of its July 10, and May 22 Meeting Minutes—*Jason Lapham (CO)* Attachment A
Attachment B
2. Discuss a Draft Third-Party Vendor Definition—*Nicole Crockett (FL)* Attachment C



3. Discuss its Next Steps—*Jason Lapham (CO)*
4. Discuss Any Other Matters Brought Before the Working Group
—*Jason Lapham (CO)*
5. Adjournment

Draft: 7/24/25

Third-Party Data and Models (H) Working Group
Virtual Meeting
July 10, 2025

The Third-Party Data and Models (H) Working Group of the Innovation, Cybersecurity, and Technology (H) Committee met July 10, 2025. The following Working Group members participated: Jason Lapham, Chair (CO); Nicole Crockett, Vice Chair (FL); Alex Romero and Molly Nollette (AK); Charles Hale and Richard Fiore (AL); Ken Allen and Chandara K. Phanachone (CA); George Bradner and Wanchin Chou (CT); Doug Ommen and Jordan Genevieve Esbrook (IA); Weston Trexler (ID); Julie Holmes (KS); Tom Travis and Caleb Malone (LA); Jackie Horigan (MA); Raymond A. Guzman (MD); Sandra Darby (ME); Phil Vigliaturo (MN); Jo A. LeDuc and Brad Gerling (MO); Tyler N. Erickson and Colton Schulz (ND); Christian Citarella (NH); Brandon Rocchio (NV); Matt Walsh (OH); Shannen Logue and Michael McKenney (PA); Beth Vollucci and Matthew Gendron (RI); Rosemary Raszka (VT); and Timothy Cornelius and Amy Malm (WI).

1. Heard from Commenters Regarding the Definition of “Third Party”

Lapham opened the discussion and welcomed comments from interested parties on an appropriate definition of “third party” in the context of this Working Group’s work plan. (Attachment XX)

Scott Harrison (American InsurTech Council—AITC) stated that it is beneficial to have a clear articulation of the problem that is to be solved. He noted a concern about vendors attempting to be excluded from the definition and, therefore, be excluded from regulatory requirements. He also noted a concern about vendors gaming the system, which would not be productive. The AITC expressed a need for clarity and recommends a simple, broad definition of “third party.”

Lapham responded by stating that there are a number of issues related to third parties that regulators have encountered, such as a lack of transparency into black box models used in rate filings and a lack of consistency across jurisdictions as well.

Harrison responded that those on this call are in favor of transparency, clarity, and good consumer protection. He said AITC’s suggestion is to take a functional approach by identifying third-party vendors based on what they provide, rather than overthinking a definition.

Brian Bayerle (American Council of Life Insurers—ACLI) echoed many of the concerns that others raised about the context needing to make sense in terms of what the Working Group is trying to accomplish. He noted that it is difficult to find a “one-size-fits-all” definition for the purposes of this Working Group. He suggested there should be a list of exclusions for publicly available data, MIB Group Inc. data, agents/brokers data, reinsurer data, and others that are not the focus of this Working Group. He said it does not seem to be the Working Group’s intent to be concerned about publicly available data or data collected from the insured or potential insured.

Lapham responded that a list of exclusions may help to reframe the focus.

Miranda Motter (AHIP) commented that the definitions are self-explanatory but noted three things: 1) to the extent possible, the definitions should be kept simple and clear; 2) to the extent possible, the definitions should align with existing laws, regulations, and industry-supported standards; and 3) that it is necessary understand the broader context of how a definition is used.

Crockett emphasized that the Working Group sees that other definitions of “third party” exist, such as in the artificial intelligence (AI) model bulletin and in an NAIC model law, and it is taking those definitions under consideration while drafting a new definition.

Matthew Vece (American Property Casualty Insurance Association—APCIA) commented that overall, it is premature to suggest definitions at this time because it depends on the objectives of the framework the Working Group is seeking to achieve. As an example, certain definition is needed if the intent is to focus on AI vendors, but a broader definition might be needed if the intention is to apply beyond AI. For those reasons, Vece asked for additional opportunities to comment as the scope and the intent of the framework are refined over time. APCIA has the following recommendations: 1) the definition should treat transactions among affiliates differently than with unaffiliated entities that do not have common ownership because vendors that are not related to an insurer are not subject to the same level of parent control or oversight compared to vendors that are associated with an insurer; and 2) any future framework should be risk-based with an emphasis on models having the greatest impact on consumers, rather than those that are merely operational.

Lapham stated that the Working Group is considering third-party data and model vendors within an AI context as well as within a more general context.

Lindsey Klarkowski (National Association of Mutual Insurance Companies—NAMIC) said the discussion on the definition of third parties and the scope is premature. She suggested three specific areas that the Working Group should focus on to make it easier for interested parties to provide feedback. First, the Working Group should identify and understand how insurers use different third-party vendors, as the spectrum of third-party data and model vendors and the different services that they provide is vast. It is important to understand those different types and then focus on the ones or the specific services with which regulators have the most concern. Second, the Working Group should identify the issues and challenges it is looking to solve, then determine what may or may not be necessary given existing laws. Third, the Working Group should ensure that the definition is narrowly tailored to those concerns. After these steps, there should be emphasis on full compliance with all NAIC processes and a commitment to open meetings for robust, transparent conversations with all stakeholders.

Lapham responded that the Working Group is mindful not to work at cross purposes from other NAIC committees and working groups in establishing a definition.

Tom Smith (Reinsurance Association of America—RAA) commented that the definition should exclude reinsurers unless the reinsurer is specifically providing some sort of model or data to the ceding company.

Mollie Zito (UnitedHealth Group—UHG) noted that UHG did not suggest a specific definition but encouraged using the definition in the NAIC model bulletin. UHG recommended that the NAIC continue encouraging other states to issue the bulletin and see how things work out, then work with companies to determine additional needs.

David Schraub (Independent Actuarial Consultant) commented that he did not propose a definition because the task is too complex at this point. However, he pointed out that trying to put the onus of opening the black box on every carrier in order to test for bias is difficult and onerous. He said one idea could be to establish a licensing process by an authority, such that a data provider or an algorithm could be considered appropriate for the industry to use, alleviating every carrier from vetting that provider.

Lapham responded that bias would potentially be a concern for jurisdictions as it relates to testing. On a more basic level, the question may be how a third-party model would intersect with the current regulatory framework and how to ensure regulators have a clear view into the model or data in order to perform the reviews that the regulators are accustomed to performing.

Crockett summarized the Florida Office of Insurance Regulation's comments that when the definition is created, the Working Group should prioritize models that impact consumers the most.

Esbrook commented that Iowa provided a potential definition in its written comments and noted that the Working Group seems to already have a good picture of the third-party vendors that service the insurance business, given the AI/machine learning (ML) surveys conducted by the Big Data and Artificial Intelligence (H) Working Group.

Scott Fischer (Insurtech Coalition) commented that the Insurtech Coalition did not need to add anything other than what it had already submitted in writing.

Stephen Clarke (Verisk) echoed many of the comments made by other speakers and noted that developing a definition may not recognize that some entities that would qualify as a third party are already licensed and regulated by departments of insurance (DOIs) as an advisory organization, a rating organization, a rating service, etc. He noted concern that this could create ambiguities. He said that before developing a definition, it is important to look at the types of data, functions, and uses of the data that are of concern. Clarke said that in cases such as anti-fraud investigations, Verisk believes using a third party does not raise the level of concern. Verisk believes it is premature to define a third-party vendor until the underlying issues have been more fully discussed.

Logue stated that the Pennsylvania Insurance Department has many third-party vendors being used by insurers for technological services. Considering the complexities of some of the filings, where it is difficult to get the information needed for approval, having a third-party registration process would provide a way to get that information. She said Pennsylvania's proposed definition of third party is an organization that collects, stores, and furnishes insurance data or machine-based systems to persons or organizations licensed by or registered with the insurance department. This term shall not include a government entity or an affiliate of the licensee or registrant, such that it is similar to other comments heard.

McKenney said Pennsylvania's preference would be to add a simple definition, then regulate the model law around it instead of in the definition.

Lapham responded that another concern experienced in Colorado from third parties relates to intellectual property and wanting to give assurances that confidentiality and trade secrets would be respected. One of the goals is to develop a working definition for further discussion at the Summer National Meeting.

Having no further business, the Third-Party Data and Models (H) Working Group adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/H CMTE/2025_Summer/WG-Third-Party/Minutes 071025 Third-Party Data - Final.docx

Draft: 6/6/25

Third-Party Data and Models (H) Working Group
Virtual Meeting
May 22, 2025

The Third-Party Data and Models (H) Working Group of the Innovation, Cybersecurity, and Technology (H) Committee met May 22, 2025. The following Working Group members participated: Jason Lapham, Chair (CO); Nicole Crockett, Vice Chair (FL); Alex Romero and Molly Nollette (AK); Charles Hale (AL); Lori Dreaver Munn (AZ); Chandara K. Phanachone (CA); George Bradner and Kristin Fabian (CT); Kathleen Nakasone (HI); Travis Grassel (IA); Weston Trexler and Shannon Hohl (ID); Shannon Whalen (IL); Craig VanAalst (KS); Caleb Malone (LA); Jackie Horigan and Caleb Huntington (MA); Raymond A. Guzman (MD); Sandra Darby (ME); Phil Vigliaturo (MN); Julie Lederer (MO); Tyler N. Erickson and Colton Schulz (ND); Christian Citarella (NH); Gennady Stolyarov and Brandon Rocchio (NV); Matt Walsh (OH); David Dahl and Ying Liu (OR); Michael McKenney, Michael Humphreys, and Shannen Logue (PA); Beth Vollucci (RI); Will Davis (SC); J'ne Elizabeth Byckovski (TX); Jessica Baggarley and Eric Lowe (VA); Rosemary Raszka and Mary Block (VT); and Timothy Cornelius and Coral Manning (WI).

1. Discussed its 2025 Work Plan

Lapham noted that this was the first open call for the Working Group since the 2024 Fall National Meeting. He reminded the group that it has changed from a Task Force to a Working Group as part of a multi-committee action plan adopted by the Innovation, Cybersecurity, and Technology (H) Committee at the Spring National Meeting to maintain consistent naming conventions across NAIC groups; however, the group's charges and work plan adopted at the end of last year have not changed.

Lapham reminded the Working Group that its goal is to develop and propose an optimal framework for the regulatory oversight of third-party data and predictive models, which may require new model laws or modifications to adopted model laws or regulations in 2025. He noted that the intention is not to build a ground-up framework but to examine how regulatory oversight should adapt to insurers' use of third-party data and models.

He stated that the second charge of the work plan is to monitor governmental oversight and regulation of third parties; however, in this meeting, the Working Group will be concentrating on the first charge, which is to develop and propose a framework for the regulatory oversight of third-party data and predictive models, as that will be the Working Group's main focus throughout this year.

Lapham stated that the 2024 plan to develop a general concept for a framework for overseeing third-party data and models, including those utilizing artificial intelligence (AI), needed to slow down so that other Innovation, Cybersecurity, and Technology (H) Committee groups could work on their initiatives such that both Working Groups can coordinate. The Working Group's goal is to continue work planned for 2024. The remaining first-step task was to discuss whether existing frameworks could regulate third-party data and models. The final 2024 step was to discuss goals for a future third-party framework.

The work plan for 2025 is to build the regulatory framework, and the likely output will be referrals to other groups to implement the plan.

2. Heard a Report on High-Level Regulatory Survey Results

Lapham stated that the key parts of the survey are to: 1) identify current state frameworks that are applicable when insurers purchase and use data or models from a third party; 2) identify issues the Working Group needs to solve; and 3) establish the definition of third party.

Regarding existing frameworks, states reported that they have broad authority in this area and are awaiting NAIC guidance for next steps. States report the most focus to date has been on four areas: 1) property/casualty (P/C) rating and underwriting, with an emphasis on personal lines; 2) licensed advisory organizations, rating organizations, etc.; 3) financial analysis/examination for all lines of business; and 4) Market Conduct Annual Statement (MCAS) questions about life accelerated underwriting.

Other types of reviews that were mentioned less frequently were P/C rating and underwriting for commercial lines; health rate filings when third-party models are used; accident/health and health/life claims third-party administrator (TPA) services; life and annuity principle-based reserving (PBR); market conduct (especially claims and underwriting); and life/disability insurance (DI)/long-term care (LTC) rates when third parties are mentioned in the actuarial memo.

States most frequently cited frameworks for overseeing third-party activity in areas including rate/form and P/C product filings, market conduct, actuarial, financial analysis, state bureaus, and the hurricane commission. Some states cited other areas such as data analytics, information technology (IT) exams, PBR exams, and title agent audits.

Many states have issued bulletins, P/C rate and form filing regulations, and System for Electronic Rates & Forms Filing (SERFF) P/C rate filing requirements with a focus on third parties. One state referred to a regulation on third-party data. Otherwise, states are currently relying on existing laws such as the *Unfair Trade Practices Act* (#880), the *Unfair Claims Settlement Practices Act* (#900), and general filing statutes. Some states have specific requirements for the licensure of advisory organizations.

The Working Group will focus on developing a framework to assess third-party data and models, similar to how the Big Data and Artificial Intelligence (H) Working Group will evaluate insurers' use of internally developed AI. However, the Working Group is concerned with third-party data and models in general, not limited to those within an AI system.

Lapham stated that the primary goal of a third-party data and models regulatory framework is to solve the following issues: 1) the inability to assess fairness of insurers' data and model use, including unfair discrimination and verification of model outputs; 2) limited governance and oversight of how third-party models and data are tested, controlled, and monitored; and 3) the inability to determine whether rates are excessive, inadequate, or unfairly discriminatory when third-party models or data are used.

3. Discussed the Definition of Third Party

Lapham noted that the survey asked how "third party" should be defined within the regulatory framework and explained that, while it seems like an obvious answer, "third party" refers to any source other than the insured or insurer; however, this definition may need further clarification.

He initiated discussion by asking whether the Working Group should: 1) focus on vendors that offer at least one model or dataset for insurance operations; 2) treat third-party vendors within an insurance group differently from

8/XX/2025

unaffiliated third parties; 3) define the scope of “insurance operations”; 4) exclude certain models, such as those used by human resources (HR) or internal AI systems; 5) set boundaries for how far regulatory oversight should extend; 6) place limits on the types of data to examine further; and 7) distinguish between data vendors, like Google, Facebook, or the U.S. government, where review methods may differ.

Stolyarov commented that a third party is anyone other than the insurer or the insured, and any information not provided directly from the insured or from the insurer’s own records or experience with the policyholder is considered third-party information. Regarding how third-party data is treated, it is reasonable that differences should exist. He used the example of insurers being allowed to obtain information from governmental entities under certain conditions, such as a department of motor vehicles (DMV). Insurers can pull DMV reports, but only within a certain time frame.

Stolyarov said that governmental third-party data is subject to certain frameworks that may not be specified in private third-party data laws, so the framework should consider when the data is gathered. The validity of general statistical information about a location or weather phenomena, for example, would not be a concern, but the specific use of the information would be. On the other hand, some third-party data aggregators solely exist to crawl the web and gather information about individuals, but the way they compile or define that data may not meet consumer protection standards. As a result, such vendors should be considered separately.

Regarding Facebook, Stolyarov asked whether insurers mining Facebook posts should warrant specialized treatment or prohibition. He recommended a broad definition of a third party, with distinctions based on the type of information sources.

Schulz commented that “third party” versus “holding company/affiliate” is a key term to define within regulatory authority.

Lauren Pachman (National Association of Professional Insurance Agents—PIA) commented that Stolyarov’s proposed definition would make independent agents into third parties and asked whether that was the intent.

McKenney commented that the term “third-party data” refers to first-party (policyholder) data that third parties have collected and suggested defining it as data from outside the insurance transaction used within that transaction.

Schulz agreed with McKenney’s point that the Working Group should focus on third parties accessing first-party insurance transaction data.

Stolyarov agreed that agents represent the insurer, so the information they collect, whether from applicants or insurers, is not third-party data. This applies to both independent and exclusive agents. He clarified that third-party data should come from entities genuinely external to the insurance transaction but whose information informs insurer decisions like underwriting, rating, or risk segmentation.

J.P. Wieske (American InsurTech Council—AITC) warned against overly broad regulation, noting concerns from cybersecurity law about unintended oversight of unrelated services, like janitorial services hired by insurers. Wieske recommended creating sub-definitions within the definition of third parties to differentiate demographic and geographic data, and raised a question about the scope, especially in pricing decisions for specific policies. He recommended a graduated approach that starts with a broader model and gradually collects data over time to improve understanding of the market for the industry and regulators.

Scott Harrison (AIRC) commented that AIRC submitted a risk-based approach that Connecticut has successfully used for several years.

Birny Birnbaum (Center for Economic Justice—CEJ) asked whether the Working Group could expose the survey questions. Lapham said they could not be exposed because the survey was regulator-only.

Steve Clarke (Verisk) cautioned against sweeping statements about all activities and responded to Stolyarov's point about using Facebook data. He acknowledged valid uses of Facebook data in fraud investigations and special investigations unit (SIU) work and noted that some organizational activities may require different treatment. For example, Verisk, as a licensed advisory and rating organization, files extensive materials with insurance departments but also provides information to carriers that can be difficult to categorize. He recommended a flexible definition focused on the nature of the activity rather than the entity.

Lapham said that how third-party data or models are used in insurance can affect their definition. He said that the question of the definition will be exposed for a 30-day public comment period ending June 20.

4. Discussed Next Steps

Lapham said the next steps are to establish the definition of third party based on input from interested parties and discuss issues to be solved that regulators identify, including data that is not used within an AI context.

Stolyarov commented that the distinction matters greatly because most states have experience regulating traditional predictive or deterministic models, whereas AI models are more dynamic and require a different framework. He raised the point of considering the level of human involvement in the decision-making process.

Lapham agreed that the Working Group's charges encompass consideration of data used in a non-AI context.

Birnbaum said these questions are premature, as definitions are needed first for third-party data and vendors in all aspects that consumers may face. He recommended distinguishing either by data life cycle or data type.

Logue commented that the Big Data and Artificial Intelligence (H) Working Group questioned who is liable for data accuracy when working with third parties. She said that accountability and transparency are essential in these relationships.

Lapham reiterated that the clear next step is to consider the definition of third party.

Having no further business, the Third-Party Data and Models (H) Working Group adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/H CMTE/2025_Summer/WG-Third-Party/Minutes 052225 Third-Party Data - Final.docx

Third-Party Data and Models (H) Working Group

“Third-Party Data and Model Vendor” Definition Discussion Document

The following identifies decision points to aid development of a working definition of “Third-Party Data and Model Vendor.” The words in blue text color provide a starting point for discussion of the working definition.

I. SCOPE

1. What type(s) of organizations should be considered third parties? What organizations should be included/excluded?

“Third-Party Vendor” means an organization other than the insurer.

- Includes insurance agents, brokers, producers, and reinsurers contracted with insurers only if third-party vendor services are provided
- Excludes Governmental entities providing consumer public records data to insurers (e.g., motor vehicle records, court records, weather data, death records)

PROPOSALS IN COMMENT LETTERS

1. What type(s) of organizations should be considered third parties?
 - Entity
 - An organization
 - A person or entity
 - Independent agent (vs. captive agents)
 - Any party supplying data or models, other than the insurer
 - A person, partnership, corporation, or other entity
 - A person or entity not otherwise defined as an Insurer Licensee or an Affiliate of an Insurer Licensee
 - Unrelated or Unaffiliated party
 - Reinsurers, but only if the reinsurer is also a data or model provider for a ceding company.
 - Any entity that is not a parent of, affiliate of, related by common ownership with, or affiliated by corporate control with, an insurer
 - Any company not licensed as an insurer in the state

Third-Party Data and Models (H) Working Group

“Third-Party Data and Model Vendor” Definition Discussion Document

What organizations should be included/excluded?

- Government entity
- Affiliate of the licensee or registrant
- An affiliate of the insurer
- Licensee’s affiliate
- MIB Group, Inc.
- Insurance agents, brokers, and producers
- Reinsurers
- An employee of the insurer

II. DATA VENDORS

2. What does a data vendor do?

Maintains, processes, stores, and provides consumer data

PROPOSALS IN COMMENT LETTERS

2. What does a data vendor do?

- Provides data to an insurer
- Collects, aggregates, and sells or licenses data and contracts with an insurer
- Contracts with an Insurer Licensee or an Affiliate of an Insurer Licensee
- Sells or seeks to sell external consumer data to insurers

3. What is “third-party data?”

consumer data

PROPOSALS IN COMMENT LETTERS

3. What is “third-party data?”

Third-Party Data and Models (H) Working Group

“Third-Party Data and Model Vendor” Definition Discussion Document

- Consumer data
- External consumer data
- Insurance claim, premium, and expense data
- Data about individuals or entities
- Data that identify “lifestyle indicators”
- Any data not owned by the insurer
- All data provided to the insurer
- Aggregated data, which may include the insurer as one data source

What data should be excluded? One or more of the following options could be specifically excluded:

- Data regulated by other agencies: Public records (DMV reports, building permits, crime statistics), econometric data, and weather data
- Google, Facebook, or the U.S. government
- Publicly available data
- Data that is originally collected by or on behalf of an insurer or its affiliates
- Governmental public records (e.g., motor vehicle records, court records, weather data, death records)

III. MODEL VENDORS

4. What does a model vendor do?

Develops or licenses AI tools including predictive models for insurers’ use

PROPOSALS IN COMMENT LETTERS

4. What does a model vendor do?

- Develops or licenses predictive models or AI systems
- Provides an algorithm or a predictive model to an insurer for use in an insurance practice
- Develop or license models

Third-Party Data and Models (H) Working Group

“Third-Party Data and Model Vendor” Definition Discussion Document

- Sells or seeks to sell predictive models to insurers

Should any models be excluded?

- Predictive models or AI systems that are not developed or materially modified by the insurer or its affiliates
- Community hazard mitigation model
- Catastrophe models (because they are already evaluated by states and don’t need to be part of a third-party regulatory framework)

IV. INSURERS’ OPERATIONS

5. Should the third-party work focus on specific insurers’ operations or all insurers’ operations?
 - Are there some operations where the insurer can be held fully responsible and other operations where regulators need access to third-party data and model information?
 - Should the focus be on Insurers’ operations with the most risk? What are the operations with the most risk?

pricing, underwriting, claims processing, and/or fraud detection

PROPOSALS IN COMMENT LETTERS

5. Should the third-party work focus on specific insurers’ operations or all insurers’ operations?
 - Pricing, Rating, or Ratemaking
 - Underwriting or Traditional Underwriting
 - Assessment of an applicant for insurance coverage
 - Claims

Third-Party Data and Models (H) Working Group

“Third-Party Data and Model Vendor” Definition Discussion Document

- Fraud Detection
- All insurance operations
- Primary functions of the insurer
- Insurance Practice

Should any operations be excluded?

- Models used by HR or for company operations
- internal business operations unrelated to underwriting, pricing, or claims processing (e.g., HR, IT security)
- Fraud detection, anti-money laundering, or regulatory compliance purposes
- Don't focus on operations: place emphasis on vendors and models with the greatest impact on consumers

Third-Party Data and Models (H) Working Group

“Third-Party Data and Model Vendor” Definition Discussion Document

V. NAIC DEFINITIONS

Definition from the Model Bulletin:

“Third Party” means an organization other than the insurer that provides services, data, or other resources related to AI.

Definition from the Data Security Model Law:

“Third-Party Service Provider” means a Person, not otherwise defined as a Licensee, that contracts with a Licensee to maintain, process, store or otherwise is permitted access to Nonpublic Information through its provision of services to the Licensee.

Definitions from the Privacy Protection Model Law #674 8.5.24:

“Nonaffiliated third party” means any person except: (a) A licensee’s affiliate; or (b) A person employed jointly by a licensee and any company that is not the licensee’s affiliate (but nonaffiliated third party includes the other company that jointly employs the person). (2) Nonaffiliated third party includes any company that is an affiliate solely by virtue of the direct or indirect ownership or control of the company by the licensee or its affiliate in conducting merchant banking or investment banking activities of the type described in Section 4(k)(4)(H) or insurance company investment activities of the type described in Section 4(k)(4)(I) of the federal Bank Holding Company Act (12 U.S.C. 1843(k)(4)(H) and (I)).

“Third party service provider” means a person or entity not otherwise defined as a licensee or affiliate of a licensee that: (1) Provides services to the licensee; and (2) Maintains, process or otherwise is permitted access to nonpublic personal information through its provisions of services to the licensee.

- Fyi MO-668: *“Third-party service provider” means a Person, not otherwise defined as a Licensee, that contracts with a Licensee to maintain, process, store or otherwise is permitted access to Nonpublic Information through its provision of services to the Licensee.*