Draft date: 11/25/25

2025 Fall National Meeting
Hollywood, Florida

THIRD-PARTY DATA AND MODELS (H) WORKING GROUP
Tuesday, December 9, 2025
11:45 – 12:45 p.m.
Diplomat Convention Center—Atlantic Ballroom—Level 2

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	Kaitlin Asrow	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	Michael McKenney	Pennsylvania
Shannon Whalen	Illinois	Beth Vollucci/ Matthew Gendron	Rhode Island
Doug Ommen/ Jordan Esbrook	Iowa	Andreea Savu	South Carolina
Julie Holmes	Kansas	Nicole Elliott	Texas
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 Oct. 29, Sept. 26, and Summer National Meeting Minutes—*Jason Lapham (CO)*	Attachments A–C
2. Consider Exposure of the Third-Party Data and Model Regulatory Framework—*Jason Lapham (CO)*	Attachment D
3. Discuss Any Other Matters Brought Before the Working Group —*Jason Lapham (CO)*	
4. Adjournment	

Draft: 8/21/25

Third-Party Data and Models (H) Working Group
Minneapolis, Minnesota
August 13, 2025

The Third-Party Data and Models (H) Working Group of the Innovation, Cybersecurity, and Technology (H) Committee met in Minneapolis, MN, Aug. 13, 2025. The following Working Group members participated: Jason Lapham, Chair (CO); Nicole Crockett, Vice Chair (FL); Sarah Bailey (AK); Charles Hale (AL); Lori Dreaver Munn (AZ); Ken Allen and Chandara K. Phanachone (CA); George Bradner and Wanchin Chou (CT); Kathleen Nakasone (HI); Jordan Esbrook and Travis Grassel (IA); Weston Trexler (ID); Shannon Whalen (IL); Julie Holmes (KS); Caleb Malone (LA); Jackie Horigan (MA); Raymond A. Guzman (MD); Sandra Darby (ME); Phil Vigliaturo (MN); Jo LeDuc and Brad Gerling (MO); Colton Schulz (ND); Christian Citarella (NH); Gennady Stolyarov (NV); Matt Walsh (OH); Shannen Logue and David Buono (PA); Megan Mihara (RI); Andreea Savu (SC); Marianne Baker and Nicole Elliott (TX); Eric Lowe (VA); Rosemary Raszka (VT); and Timothy Cornelius (WI).

1. Adopted its July 10 and May 22 Minutes

Lapham said the Working Group met July 10 and May 22 to: 1) discuss comments received about the definition of "third-party data and model vendors" (Attachment X); and 2) discuss its work plan.

The Working Group also met July 25 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, to discuss the definition of third-party data and model vendors.

Schulz made a motion, seconded by Trexler, to adopt the Working Group's July 10 (Attachment Two) and May 22 (Attachment Three) minutes. The motion passed unanimously.

2. Discussed a Draft Third-Party Vendor Definition

Lapham said he had some recent conversations with insurers and trades about regulatory goals and the scope of work and some questions can be addressed. There seems to be questions about what problem(s) state insurance regulators are trying to solve. He said the goal of this work is for regulators to be able to obtain information about third-party data and models being used by insurers. He said regulators want to answer questions such as: What is the data being used? Is there data that should not be used? What assumptions are made in models? With models, are the outcomes of the models being used, or are there back-end adjustments made—and what are those? Are they unfairly discriminatory or are company practices using the data and models unfair?

Lapham said regulators request information and rarely have issues getting information about data and models from insurers. However, they often have problems getting third-party information. In Colorado, Lapham said regulators were requesting customary information from a large third party and did not receive that information. A bulletin was drafted to inform insurers they can no longer use that third party. The missing information was received from the third party soon thereafter. The bulletin will not be adopted, but it illustrates the struggles regulators sometimes encounter with respect to third parties.

The issue is most evident in the context of property/casualty (P/C) insurance rate filings. The scope of this Working Group's work is mainly focused on practices with direct consumer impact, such as rating, underwriting, claims, and antifraud activities. Working Group leadership is coordinating with leaders from the Big Data and Artificial Intelligence (H) Working Group because together, the groups will build the regulatory framework for the regulation of data and models being used in the insurance industry. The Big Data and Artificial Intelligence (H)

Working Group has charges to evaluate data and models in artificial intelligence (AI) systems used by insurers, whether that is internal or external information and whether that is governance and/or a deeper dive into areas of higher risk. The Third-Party Data and Models (H) Working Group needs to decide how it can best obtain information from third parties needed to evaluate high-risk insurance practices.

Crockett said the discussion draft (Attachment X) for the Working Group is a result of submitted comments on the definition of a third-party data and model vendor, identifying some key decisions it needs to make in order to agree on a working definition. Those key decisions are identified as separate sections grouped with Roman numerals. In those sections the Working Group will find the question(s), a potential definition identified in blue text, and potential answers submitted as written comments. She said it is a starting point and not an adopted or agreed definition. Throughout the document, there are discussions about scope, identification of what data vendors and model vendors do that identifies them as data or model vendors, and analysis of the potential to limit focus on third parties to those company operations with the greatest risk.

Crockett said the questions in the scope section are: What type(s) of organizations should be considered third parties? What organizations should be included/excluded? Bob Ridgeway (AHIP) suggested the definition does not need to include any already-licensed entities because state insurance regulators already have jurisdiction over those. Crockett said there is still consideration whether to include agents, brokers, producers, and reinsurers in the definition. Lapham said the idea is there could be different types of entities that provide data and models.

One question in the framework is how to treat those entities that perform those services. Brian Bayerle (American Council of Life Insurers—ACLI) asked whether applications like fraud detection would necessitate being in scope and said MIB does a lot of data collection with a high degree of transparency with regulators already.

Steve Clarke (Verisk Analytics) said statistical agents may be subjected to two different regulatory frameworks. He said there are additional services provided by outside statistical agencies, but they are just a pass-through for motor vehicle records (MVRs) and weather data. Information is consolidated by state and provided to members. Clarke asked if pass-through vendors should be included in the framework. Crockett said the ultimate intent is not to enforce duplicative efforts on those companies, so the Working Group will work through that. Stolyarov said an example of a pass-through vendor for government data is one that compiled auto violations. The problem was each state has different laws on which violations are chargeable, and the data vendor did not apply those requirements. A pass-through is not the same as directly using a government agency because the vendor could make some transformation or aggregation of information. Stolyarov said consideration should be given to a company purported to be just a pass-through of information from the consumer to the insurer.

Lindsey Klarkowski (National Association of Mutual Insurance Companies—NAMIC) said Big Tech vendors appear to be included. She asked if there is an attempt to have some jurisdiction over Google, AWS, ChatGPT, etc.? Stolyarov said he thinks data elements should be included. Trexler said a company that stores an insurance company's data and then gives the company its data back seems to be included in the definition.

To define a data vendor, Crockett said the Working Group needs to identify activities that would make a vendor a data vendor and determine what is meant by third-party data. She said there are a few definitions of third parties identified in the document, and the Working Group is trying to tie those together to at least not have any inconsistencies. LeDuc said the list of activities are tied together with an "and." She said she believes a vendor does not need to do all of the functions. Crockett said that change will be made. Chou said the function should be broadened to include telematics and aerial imagery or activities of third parties. Bradner suggested adding "gathering data."

To define a model vendor, the Working Group needs to define what a vendor does to be a model vendor and whether there are any models that should be excluded. Chou said that predictive models are just one type of

model; there are also catastrophe and other models. Gennady said some predictive models are not necessarily a subset of AI, such as linear regression. There may be a Venn diagram that has overlapping circles for AI tools, predictive models, and other models. Citarella questioned the term license because it is not clear who is doing the licensing. He suggests using another term besides licensing. Logue said the definition of AI systems in the bulletin may not include some models. Lapham said that is one difference between the AI bulletin and work in this Working Group. Charges are broader to decide a third-party regulatory framework for models, which can be broader than AI. Scott Harrison (American InsurTech Council—AITC) said it will be a challenge if there are different regulatory areas that have rules where some entities are in or out of the definition. He said there will be legal battles, so it is best to use existing definitions. He said the more the Working Group is trying to be precise, the more people may argue.

Crockett said there is potential to limit the focus of third-party work to specific insurer operations. This can also be described as the separation of what can be regulated through the insurer and its governance. She said this is the scope of work at Big Data and Artificial Intelligence (H) Working Group and is what the Third-Party Data and Models (H) Working Group needs to do so that state insurance regulators can get the information they need to appropriately regulate data and models produced or sold by third parties. One way the Working Group can limit the scope is by limiting the third-party framework to the insurance operations that have the greatest risk. For third-party data and models in other operations, because there is less risk, the Working Group could place more reliance on insurer due diligence and governance. The four company operations are: 1) rating; 2) underwriting; 3) claims; and 4) fraud detection. A consideration is to include consumer communication, especially chatbots.

Lapham said the comments received today will be considered when developing a definition for exposure. He said the definition needs to be completed so the Working Group can move on to developing the framework.

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

SharePoint/Staff Hub/Committees/Member Meetings/H CMTE/2025_Summer_WG-Third-Party/Minutes 081325 Minutes SpNM.docx

Draft: 11/11/25

Third-Party Data and Models (H) Working Group
Virtual Meeting
October 29, 2025

The Third-Party Data and Models (H) Working Group of the Innovation, Cybersecurity, and Technology (H) Committee met Oct. 29, 2025. The following Working Group members participated: Jason Lapham, Chair (CO); Nicole Crockett, Vice Chair (FL); Molly Nollette (AK); Charles Hale (AL); Tom Zuppan (AZ); Ken Allen and Chandara K. Phanachone (CA); Kurt Swan (CT); Doug Ommen and Jordan Esbrook (IA); Weston Trexler and Shannon Hohl (ID); Shannon Whalen (IL); Caleb Malone (LA); Jackie Horigan (MA); Raymond A. Guzman (MD); Sandra Darby (ME); Brad Gerling (MO); Colton Schulz (ND); Christian Citarella (NH); Gennady Stolyarov and Brandon Rocchio (NV); Kevin Yan (NY); Matt Walsh (OH); Michael McKenney (PA); Beth Vollucci and Matthew Gendron (RI); Nicole Elliott (TX); Jessica Baggarley (VA); and Rosemary Raszka (VT).

1. Discussed Goals for a Third-Party Regulatory Framework and Plans of Action

Lapham stated that the Working Group adopted the working definitions of "third-party data and model vendor," "third party," and "licensee" by e-vote on Sept. 26. He noted that the definitions meet the immediate purpose of the Working Group, which is to have an understanding of the scope of the third-party regulatory framework focused on an organization or entity that is providing data, models, or outputs to an insurer. The definitions exclude government-related entities, such as census and motor vehicle record data providers. The Working Group plans to focus on the data and model outputs that insurers use in pricing, underwriting, claims, marketing, and fraud detection. Specifically excluded are entities that are already licensed, such as rating and advisory organizations and third-party administrators, as those licensees have specific roles defined in state law and are subject to the respective regulatory requirements.

Lapham continued to state that once the framework is established, each state will need to decide on how or whether to transition property/casualty (P/C) advisory or rating organizations into the broader third-party data and models regulatory framework. The definition excludes advisory and rating organizations; thus, some companies that are licensed as rating or advisory organizations may need to be transitioned to the new third-party vendor category in the future.

The Working Group wants to keep in mind certain principles developed in the framework. Three of those principles are: 1) risk proportionality, where oversight requirements scale with the materiality of the third party's role and impact on consumers; 2) transparency with safeguards, so that insurers and regulators receive sufficient information to assess risk and compliance while protecting interested parties; and 3) accountability, where the ultimately responsibility remains with insurers for outcomes derived from the use of third-party models and data.

Lapham reminded the Working Group that the main goal of the framework is for regulators to have access to third-party data and models to appropriately regulate insurers' use of these resources. Ancillary goals may include model and data governance, data accuracy, and third-party/insurer communication. Given access to third-party data and models and their governance programs, the scope of concern will need to be determined. For example, the financial integrity of a third party and potential impact on insurer solvency may not be within scope at this stage. The Working Group will evaluate the need for information based on the impact of third-party data and models on the regulation of insurers.

Lapham stated that the next discussion topic was whether a framework would revolve around a registration process or a licensure process. If it revolves around a registration process, the question is whether it would grant

regulators authority to not only have access to the necessary information, but to receive it in a timely manner. If it revolves around a licensure process, the question is whether licensure requirements would be beyond the Working Group's goals. Lapham stated that a registration process could work. Alternatively, a licensure process that would not involve requirements applicable to insurers or other licensed entities could serve as authorization for a third-party data and model vendor to provide products and services to insurers.

Citarella stated that this is being done in New Hampshire because there is not currently a law that fits the role of modeling vendors that provide scores for carriers. Vendors are permitted to file through the System for Electronic Rates & Forms Filing (SERFF) for carriers to reference without characterization as to who they are. This method seems to be working, and the modeling vendors appear to value being approved and authorized. Citarella stated, however, that he has concerns going forward about whether third-party data collection and processing have been, or can be, sufficiently reviewed. Lapham agreed that there should be a better structure to consider third parties and the means by which regulators have access to the necessary information.

Kris DeFrain (NAIC) clarified that Citarella was referring to models used to support P/C rate filings, but other types of models are filed in SERFF as well.

Stolyarov stated that Nevada uses SERFF similarly to New Hampshire, in that non-licensed entities have the option to register as SERFF users and submit models for rating or underwriting purposes, which an insurer can then reference. SERFF is not available for models that are solely used to handle claims or engage in fraud detection. If the modeling entity does not file in SERFF, then an insurer will need to submit the model documentation in SERFF under a chain of confidentiality protections. Consumers should have the ability to challenge the accuracy of data supplied by a third-party vendor. There should always be a process to validate or challenge third-party data. Lapham confirmed that those reasons are why it may make sense to tackle P/C rate making and rate filings first.

Commissioner Ommen agreed that those are examples of practical ways that regulators perform their responsibilities and pointed out that one of the issues is how governance can be evaluated in a rate filing approach.

Dave Snyder (American Property Casualty Insurance Association—APCIA) commented that the APCIA hopes regulators will balance the need for information with the additional capabilities that third-party vendors provide to both smaller and larger companies. Furthermore, the APCIA hopes that there would be a role for auditing a third party, and a certification based on auditing might be an additional option to be considered.

Lapham returned to the open question of licensure versus registration. He questioned whether it would be more appropriate and robust to have a licensing process; however, he noted the option of requiring the registration of data and model vendors operating in a particular space, as well as information about model and data governance standards and the communication required between the insurer and the third party. He suggested that model governance standards might include requiring documentation that would detail the purpose of the model, design assumptions, input data, limitations, and performance metrics. Data governance standards might include verification of model accuracy, timeliness, and completeness. Third parties might need to provide information such as sources of all data, an auditable data lineage, and quality control. The Working Group could also focus on transparency between the third party and the insurer, such as requiring that a sufficient level of information is shared between third parties and insurers to ensure that data and models are used appropriately, that the models are in fact fit for purpose, and that insurers are aware of the data lineage and quality controls.

Once the registration process is decided and developed, the next steps will focus on specific insurance company operations. Then, all third-party data and model vendors in scope would register and provide the necessary information in a registration-type process while the Working Group begins with one or a few insurance company

operations and builds out that framework. P/C rating and underwriting may make sense as the initial operations in scope. For major medical carriers, the focus is more likely to be on utilization management and prior authorization, not rates or application fraud. Issues around disability and long-term care (LTC) may also rank as a high priority.

Horigan asked whether the modelers or the insurance company would register a model with regulators. Lapham replied that the third party would work through the registration process to receive authorization.

Scott Harrison (American InsurTech Council—AITC) commented that there already seems to be a process in place for entities to file their models and asked whether the Working Group had considered this. Lapham replied that the procedure may be ad hoc, and utilizing SERFF still does not address some of the more fundamental issues with respect to third parties.

McKenney raised a concern that if all third-party models were filed, then regulators would not have time to review them.

Harrison asked whether the states already have de facto authority to deny P/C rating models. Lapham said that they do, but added that the purpose of the third-party framework is to be able to obtain the information necessary to perform reviews more efficiently.

Lapham stated that the next steps are that Working Group members from three states will begin to draft a third-party framework in line with the principles. The Working Group expects to have a document to share before the Fall National Meeting. Then, will start discussions about a registration or licensure process.

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

SharePoint/NAIC Support Staff Hub/Member Meetings/H CMTE/2025_Fall/WG-Third-Party/Minutes 102925 Third-Party Data.docx

Draft: 10/9/2025

Third-Party Data and Models (H) Working Group
E-Vote
September 26, 2025

The Third-Party Data and Models (H) Working Group of the Innovation, Cybersecurity, and Technology (H) Committee conducted an e-vote that concluded Sept. 26, 2025. The following Working Group members participated: Jason Lapham, Chair (CO); Nicole Crockett, Vice Chair (FL); Charles Hale (AL); Alex Romero (AK); Lori Dreaver Munn (AZ); Chandara Phanachone (CA); Shannon Hohl (ID); Jordan Esbrook (IA); Julie Holmes (KS); Caleb Malone (LA); Jackie Horigan (MA); Marie Grant (MD); Sandra Darby (ME); Phil Vigliaturo (MN); Jo A. LeDuc (MO); Colton Schulz (ND); Christian Citarella (NH); Brandon Rocchio (NV); Matt Walsh (OH); Shannen Logue (PA); Beth Vollucci (RI); Jessica Baggarley (VA); and Rosemary Raszka (VT).

1. Adopted the Third-Party Working Definitions

The Working Group conducted an e-vote to consider adoption of the Third-Party data and model vendor working definitions.

Third-Party Data and Model Vendor

"Third-Party" means any organization, operating independently of any government entity and not otherwise defined as a Licensee, that engages with an insurer to provide data, models, and/or model outputs to the insurer for pricing, underwriting, claims, marketing, and/or fraud detection functions.

"Licensee" means any insurer, producer, advisory or rating organization, third-party administrator, or other similar organization engaged in the business of insurance that is required to be licensed or otherwise authorized to perform insurance-related functions under applicable state law and is subject to examination by the [department of insurance].

The motion passed unanimously with one abstention.

Lapham noted that additional changes to the working definitions should be expected as the framework develops.

SharePoint/NAIC Support Staff Hub/Member Meetings/H CMTE/2025_Fall/WG-Third-Party/Minutes Evote 09262025 Third-Party Working Definitions evote.docx

Risk-Based Regulatory Framework for Third-Party Data and Model Vendors

EXECUTIVE SUMMARY

This draft outlines a risk-based regulatory framework for third-party data and model vendors engaged with insurers in functions with direct consumer impact such as pricing, underwriting, claims, utilization reviews, marketing, and fraud detection. The framework aims to enhance regulatory oversight, transparency, and accountability while safeguarding intellectual property and promoting proportionality in compliance requirements.

The purpose of the regulatory framework is to provide regulators with access to third-party data and models used in insurance functions with direct consumer impact and to establish governance standards for model and data integrity, consumer protection, and ongoing monitoring.

Proposed Structure:

Third-party data and model vendors must register with the [state insurance departments] before their models or data may be used by insurers. *(Sufficient time will be provided for the registration process to be completed)*

Registration status will be:

- "Applied" at initial filing of registration, contingent on regulatory review of the materials submitted in support of registration including documentation of a governance program.
- "Applied with governance approval" upon positive assessment of the governance program by the _____ *(state, lead regulator, regulator committee, other)*.
- "Registered" upon the state's acceptance of the registration and governance approval.

Regulators retain authority to disapprove individual models or data that fail to meet standards. An optional filing process is included.

Governance Standards:

Governance requirements are outlined in the framework. For models, required documentation will consist of the purpose, assumptions, inputs, limitations, performance metrics, and validation processes. For data, required documentation will consist of accuracy, completeness, timeliness, representativeness, auditable data lineage, and quality controls.

Risk-Based Regulatory Framework for Third-Party Data and Model Vendors

Consumer Protection:

Vendors should disclose data usage, allow consumers to access and correct records, and define any limitations of corrections.

REGULATORY FRAMEWORK

I. Purpose and Scope

This framework establishes regulatory oversight of third-party data and model vendors whose models or data are used by insurers in insurance functions with direct consumer impact. The framework acknowledges that while third-party vendors will be subject to limited regulatory jurisdiction, regulators expect sufficient visibility into their models, data, and governance practices to ensure insurers using these models and data comply with state insurance laws.

Oversight is achieved through vendor registration, regulatory access requirements, and a state-specific, discretionary model filing process.

II. Third-Party Data and Model Vendor Definitions

The following are the current working definitions adopted Sept. 26, 2025:

- **"Third-Party"** means any organization, operating independently of any government entity and not otherwise defined as a Licensee, that engages with an insurer to provide data, models, and/or model outputs to the insurer for pricing, underwriting, claims, marketing, and/or fraud detection functions.
- **"Licensee"** means any insurer, producer, advisory or rating organization, third-party administrator, or other similar organization engaged in the business of insurance that is required to be licensed or otherwise authorized to perform insurance-related functions under applicable state law and is subject to examination by the [department of insurance].

III. Principles

A. Regulation with Safeguards

Regulators must determine whether third-party data and models produce outcomes across insurance functions with direct consumer impact such as pricing, underwriting, claims,

anti-fraud measures, and utilization review, that comply with regulatory standards, including those pertaining to unfair trade practices as well as those ensuring that rates are not excessive, inadequate, or unfairly discriminatory.

For regulators to perform necessary analysis to make such determinations, third-party data and model vendors must provide sufficient information on data sources, maintenance, model design, training data, and assumptions, with confidentiality protections equivalent to those provided to insurers. These confidentiality safeguards facilitate transparency, enabling regulators to assess model purpose, logic, and outputs and identify potential consumer harm or compliance concerns.

B. Regulatory Proportionality

Oversight scales with the materiality, complexity, and consumer impact of the third party's role. Insurance functions with direct consumer impact that use third-party data and models—such as pricing, underwriting, claims, utilization reviews, marketing, and fraud detection—may require more extensive review and documentation. Proportionality directs regulatory focus to areas with the greatest potential for consumer harm or compliance risk.

C. Accountability

Third-party data and model vendors are responsible for data integrity as well as the accuracy and reliability of model outputs. Insurers remain ultimately accountable for all outcomes derived from the use of third-party data and models and for verifying that activities with direct consumer impact or compliance risk meet regulatory requirements. Accountability requires insurers to maintain governance, controls, and monitoring across all functions, supported by third-party data and model vendors providing transparent documentation and cooperation with regulatory oversight.

IV. Third-Party Model Vendor Registration

Third-party model vendors must register with the [state insurance department or a national registration database] before their model(s) may be used by licensed insurers in insurance functions with direct consumer impact. Registration creates a standardized framework and ensures vendors maintain robust governance standards and controls.

A. Information Provided at Registration

1. Corporate and Contact Information

a. Legal entity, ownership structure, responsible officers, and states where model(s) are deployed or currently under review for deployment.

2. Model Governance Program Documentation

   a. Documentation demonstrating a comprehensive governance program that includes:

      1) Model development standards and testing protocols

      2) Data governance and provenance controls

      3) Validation and monitoring

      4) Change-management procedures and processes including version control, updates, and approvals

      5) Roles, responsibilities, and internal oversight

      6) Defect reporting and remediation processes

3. Agreement to Regulatory Access

   a. Vendors must agree to provide regulators with access, upon request, to information such as that described in the *NAIC Model Review Manual and the Catastrophe Modeling Primer*, including the following:

      1) Model documentation

      2) Input and output specifications

      3) Validation, performance, and any fairness/bias testing results

      4) Change logs and audit trails

      5) Other information reasonably necessary for regulatory evaluation

B. Annual Attestation

A senior officer must attest that the governance program is implemented, effective, and applied to all models with direct consumer impact used by licensed insurers, complies with applicable insurance laws and regulations in [state], and adheres to third-party model vendor governance program requirements (*to be developed*). The attestation should be provided to each [state insurance department].

Failure to provide access may result in the model(s) being disallowed for insurer use in the state.

V. Discretionary Third-Party Model Vendor Filing Process

States retain discretion to require direct filing of a third-party model when regulatory evaluation is necessary to ensure compliance and consumer protection. Filing is **not automatically assumed** and is rather triggered by risk, consumer impact, and specific regulatory needs. States may modify the documentation required to be submitted depending on specific needs and level of risk.

A. Considerations for Filing a Model

1. A state may request a model to be filed for review based on any of the following:
    a. Level of consumer impact or potential harm
    b. Novel or opaque model methods
    c. Limitations of a vendor's model governance program
    d. Complaint or market conduct indicators
    e. Emerging risks, external risks, or supervisory priorities
    f. Transparency to assess compliance with rating or unfair trade practices statute(s).

B. Filing Requirements

1. Model summary and intended use
    a. Business purpose, functions, and consumer-impact
2. High-level methodology description
    a. Key factors, relationships, modeling approach, and version
3. Inputs and outputs
    a. Required data elements, use of sensitive attributes or potential proxies, and outputs provided to insurers
4. Validation and performance documentation

a. Accuracy, calibration, and any fairness/bias testing results

b. Monitoring and performance degradation controls

5. Explainability documentation

   a. How insurers can interpret model outputs

   b. Primary drivers of predictions or classifications

6. Change-management summary

   a. Version history, material changes since last version, anticipated updates

C. Confidentiality Protections

All third-party model filings are subject to the same protections afforded to insurers for confidential, proprietary, and trade-secret information.

D. Filing Review

When a model is submitted, the [state insurance department] may perform the following:

1. Completeness Review
2. Technical, actuarial, and compliance review assessment

   a. Fitness for intended use

   b. Accuracy and reliability

   c. Fairness

   d. Adequacy of governance, controls, and monitoring

3. Disposition

   a. Approval for use

   b. Conditional use

   c. Disapproval for use

Risk-Based Regulatory Framework for Third-Party Data and Model Vendors

VI. Third-Party Data Vendor Registration

Third-party data vendors must register with the [state insurance department or a national registration database] before their data may be used by a licensed insurer in insurance functions with direct consumer impact. Registration creates a standardized framework and ensures vendors maintain robust governance standards and controls.

A. Information Provided at Registration

1. Corporate and Contact Information

    a. Legal entity, ownership structure, responsible officers, and states where data is deployed or currently under review for deployment.

2. Data Governance Program Documentation

    a. Documentation demonstrating a comprehensive governance program that includes:

        1) Data governance and provenance controls
        2) Roles, responsibilities, and internal oversight
        3) Process for identification and remediation of missing or incomplete data

3. Agreement to Regulatory Access

    a. Vendors must agree to provide regulators with access, upon request, to the following:

        1) Data documentation
        2) Validation, performance, and any fairness/bias testing results
        3) Change logs and audit trails
        4) Other information reasonably necessary for regulatory evaluation

B. Annual Attestation

A senior officer must attest that the governance program is implemented, effective, and applied to all data used by licensed insurers, complies with applicable insurance laws and regulations in [state], and adheres to third-party data vendor governance program requirements (*to be developed*). The attestation should be provided to each [state insurance department].

Risk-Based Regulatory Framework for Third-Party Data and Model Vendors

VII. Discretionary Third-Party Data Vendor Filing Process

States retain discretion to require a direct filing of third-party data or data documentation when regulatory evaluation is necessary to ensure compliance and consumer protection. Filing is **not automatically assumed** and is rather triggered by risk, consumer impact, and specific regulatory needs. States may modify the documentation required to be submitted depending on specific needs and level or risk.

A. Filing Requirements

1. Data documentation, source, and intended use
2. Business purpose, functions, and consumer impact
3. Accuracy, completeness, and any fairness/bias testing results
4. Explainability documentation
5. Version history, material changes since last version, anticipated updates
6. Whether data is derived or created bespoke for insurers
7. Other information reasonably necessary for regulatory evaluation

B. Confidentiality Protections

All third-party data filings are subject to the same protections afforded to insurers for confidential, proprietary, and trade-secret information.

VIII. Ongoing Oversight of Third-Party Data and Model Vendors

A. Annual registration renewal

Vendors must annually update governance documentation, contact information, and any other required documentation.

B. Material changes notifications

Vendors must notify regulators of material modifications to a dataset or model, including decommissioning of a model. Regulators may request documentation if the changes indicate a significant alteration of model behavior, risk, or consumer impact.

C. Targeted Reviews

Regulators may request additional information or conduct targeted evaluations if concerns arise regarding model performance, fairness, or lack of sufficient governance or internal controls.

D. Annual Governance Attestation (see above **Information Provided at Registration**)

IX. Insurer Responsibilities

This framework maintains the longstanding principle that insurers are responsible for their own compliance obligations. Insurers must validate model suitability for their book(s) of business, ensure contractual access to necessary information, meet all rating and underwriting requirements, even when using third-party models or data.

Regulatory oversight of third-party data and model vendors **does not reduce insurer accountability**. Insurers remain responsible for the following:

A. Assessing model suitability for their own data and business use cases

B. Conducting insurer-level model validation, testing, and monitoring

C. Ensuring that any data provided by a third-party data vendor is sufficiently complete, accurate, and appropriate for its intended use

D. Ensuring compliance with rating, underwriting, unfair trade practices, and unfair discrimination laws

E. Maintaining contacts permitting insurer and regulator access to necessary model or data information