1. Consider Adoption of its Feb. 17 Minutes

Attachment A

Commissioner Nathan Houdek (WI)

NAIC NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Draft: 2/24/26

Big Data and Artificial Intelligence (H) Working Group
Virtual Meeting
February 17, 2026

The Big Data and Artificial Intelligence (H) Working Group of the Innovation, Cybersecurity, and Technology (H) Committee met Feb. 17, 2026. The following Working Group members participated: Nathan Houdek, Chair, Lauren Van Buren, Coral Manning, and Timothy Cornelius (WI); Doug Ommen, Co-Vice Chair, Daniel Mathis, and Amanda Theisen (IA); Mary Block, Co-Vice Chair (VT); Molly Nollette and Alex Romero (AK); Tom Zuppan (AZ); Ken Allen (CA); Jamie Crise (CO) Wanchin Chou and George Bradner (CT); Karima M. Woods (DC); Stuart Jones (FL); Matt Kilgallen (GA); Weston Trexler (ID); Jack Engle (IL); Chris Cerniauskas (LA); Caleb Huntington and Jackie Horigan (MA); Mary Kwei (MD); Kate Stojsih (MI); Phil Vigliaturo (MN); Brad Gerling (MO); Jacqueline Obusek (NC); Colton Mork (ND); Connie Van Slyke (NE); Christian Citarella (NH); Vanessa DeJesus (NM); Nishtha Ram (NY); Matt Walsh (OH); Landon Hubbart (OK); Michael Humphreys (PA); Matthew Gendron (RI); Andreea Savu (SC); Travis Jordan (SD); Michael Schulz (TN); Eric Lowe (VA); and Lela D. Ladd (WY).

1. Adopted its Feb. 9 Minutes

The Working Group met Feb. 9 and took the following action: 1) adopted its Dec. 7, 2025, minutes; 2) discussed an update on the pilot process of the artificial intelligence (AI) systems evaluation tool; and 3) discussed edits to and heard feedback on the AI systems evaluation tool.

Commissioner Ommen made a motion, seconded by Lowe, to adopt the Working Group's Feb. 9 minutes (Attachment X). The motion passed unanimously.

2. Discussed Edits to the AI Systems Evaluation Tool and Heard Feedback from Interested Parties

Commissioner Houdek announced that Maryland and Louisiana have decided to participate in the pilot process, bringing the total to 11 states, and that the Working Group has heard requests from some trade groups and interested parties for more regular updates.

Karin Gyger (American Council of Life Insurers—ACLI) questioned the intent of the sentence in the third paragraph of Exhibit B ("The references to, and questions about, elements of an AI governance and risk assessment framework in this Exhibit B do not create a requirement that an AI governance and risk assessment framework is inadequate"). Commissioner Houdek responded that the Working Group will revise that sentence.

Gyger commented that the Working Group added a new sentence regarding AI models that augment or automate. ACLI members request that "augment" be deleted from Exhibit A and that the definition of augmentation be deleted, as it could broaden the scope to essentially anything that augments decision-making related to consumers, which the ACLI believes goes beyond direct consumer impact. Commissioner Houdek responded that the Working Group will keep the wording as is, with the intent to keep the language broad in order to collect information, but may narrow the scope based on feedback from the pilot experiences.

Commissioner Houdek stated that there will be an opportunity to provide additional comments before any vote is taken to finalize the tool. The intent of the pilot process is to keep the scope broad to collect as much information as possible, with the intent that the feedback from the pilot states will help refine and narrow the scope, and that there will be an opportunity for comments later this year before the tool is finalized.

Miguel Romero (NAIC) credited Manning, who suggested the proposed wording to the effect that elements of a company's AI systems governance risk assessments are not intended to create new requirements.

Dave Snyder (American Property Casualty Insurance Association—APCIA) noted his concern that companies may be subject to repetitive requests from different states. He stated that he looks forward to the most efficient and expeditious way to perform the pilot. He noted that several places in the tool mention "directly" or "indirectly," and that the mention of "indirect" concerns APCIA member companies. He also noted that the reference to ensuring the ethical use of AI Systems should be replaced with a tie back to state and federal laws and regulations. He was concerned that the definition of "externally-trained models" might be too broad to include general-purpose generative AI, and suggested that the definition exclude foundational generative AI. He noted a concern about tying complaints back to the AI system or model that was the subject of the complaint. Commissioner Houdek stated that most of those edits had already been made, but noted that his concerns will be taken into consideration.

Romero commented that the distinction between direct and indirect can be blurry and may warrant further conversation.

Ladd asked whether the questions in the Tool would create new regulations or requirements. Romero responded that it should be clarified that the Tool does not intend to create new regulations or requirements.

Miranda Motter (AHIP) expressed the desire that the pilot states coordinate the administration of the Tool consistently and be mindful of insurer holding company structures to avoid duplicative requests to the same legal entities. She asked for the incorporation of a formal, structured input intent in the background document, so that it can be reported out as part of the pilot to further strengthen the evaluation and ongoing improvement of the tool. She noted that it is important to consider annual statement filing obligations when timing the administration of the Tool. Commissioner Houdek responded that the goal is for the pilot states to coordinate as much as possible.

Randi Chapman (Blue Cross Blue Shield Association—BCBSA) reiterated the importance of cooperation among the pilot states to avoid duplicative and conflicting requests and the concern about conflicting with the annual statement filing season. Commissioner Houdek appreciated the busy time period currently and noted the pilot should start after March 1.

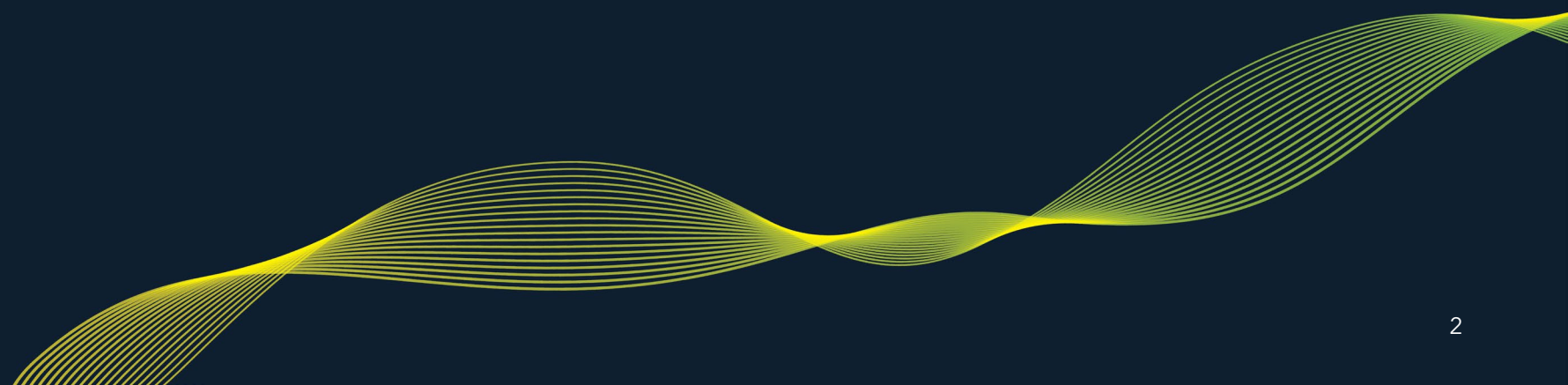
Lindsey Stephani (National Association of Mutual Insurance Companies—NAMIC) commented that it would be more appropriate to narrow the definition of predictive models to models that incorporate or use machine learning (ML). She said she will send written comments regarding the definition. She said it would be helpful to understand the reason the generalized linear model (GLM) definition was removed from a prior version. She noted the importance of regular public reporting of both feedback and experience with the pilot to interested parties. Commissioner Houdek noted that the Tool is still a draft, and the Working Group is still taking requested edits.

Commissioner Houdek concluded by stating that the Working Group anticipates finalizing the Tool shortly for pilot use and that the pilot states will coordinate as much as possible during the pilot process in order to learn about further refinements needed. The goal is to finalize the Tool for consideration for adoption at the Fall National Meeting.

Having no further business, the Big Data and Artificial Intelligence (H) Working Group adjourned.

2. Receive an Update on the Artificial Intelligence (AI) Systems Evaluation Tool Pilot

Commissioner Nathan Houdek (WI)



NAIC NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

3. Receive a Presentation on How to Operationalize the NAIC's AI Model Bulletin

Attachment B

Dorothy Andrews (NAIC)

NAIC NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

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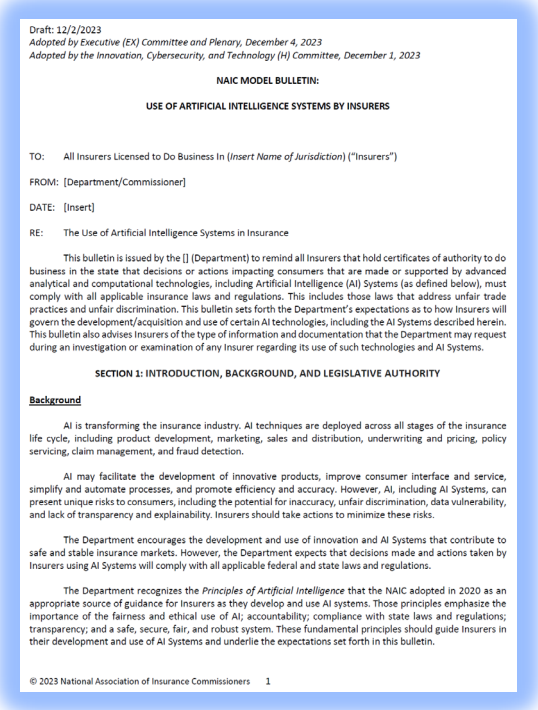
You've Adopted the NAIC Model Bulletin! Now What?

Dr. Dorothy L. Andrews
Senior Behavioral Data Scientist and Actuary
NAIC Research and Actuarial Department

Big Data and Artificial Intelligence (H) Working Group
Tuesday, March 24, 2026
11:30 AM - 12:30 PM



Draft: 12/2/2023
Adopted by Executive (EX) Committee and Plenary, December 4, 2023
Adopted by the Innovation, Cybersecurity, and Technology (H) Committee, December 1, 2023

NAIC MODEL BULLETIN:

USE OF ARTIFICIAL INTELLIGENCE SYSTEMS BY INSURERS

TO: All Insurers Licensed to Do Business In (*Insert Name of Jurisdiction*) ("Insurers")

FROM: [Department/Commissioner]

DATE: [Insert]

RE: The Use of Artificial Intelligence Systems in Insurance

This bulletin is issued by the [] (Department) to remind all Insurers that hold certificates of authority to do business in the state that decisions or actions impacting consumers that are made or supported by advanced analytical and computational technologies, including Artificial Intelligence (AI) Systems (as defined below), must comply with all applicable insurance laws and regulations. This includes those laws that address unfair trade practices and unfair discrimination. This bulletin sets forth the Department's expectations as to how Insurers will govern the development/acquisition and use of certain AI technologies, including the AI Systems described herein. This bulletin also advises Insurers of the type of information and documentation that the Department may request during an investigation or examination of any Insurer regarding its use of such technologies and AI Systems.

SECTION 1: INTRODUCTION, BACKGROUND, AND LEGISLATIVE AUTHORITY

Background

AI is transforming the insurance industry. AI techniques are deployed across all stages of the insurance life cycle, including product development, marketing, sales and distribution, underwriting and pricing, policy servicing, claim management, and fraud detection.

AI may facilitate the development of innovative products, improve consumer interface and service, simplify and automate processes, and promote efficiency and accuracy. However, AI, including AI Systems, can present unique risks to consumers, including the potential for inaccuracy, unfair discrimination, data vulnerability, and lack of transparency and explainability. Insurers should take actions to minimize these risks.

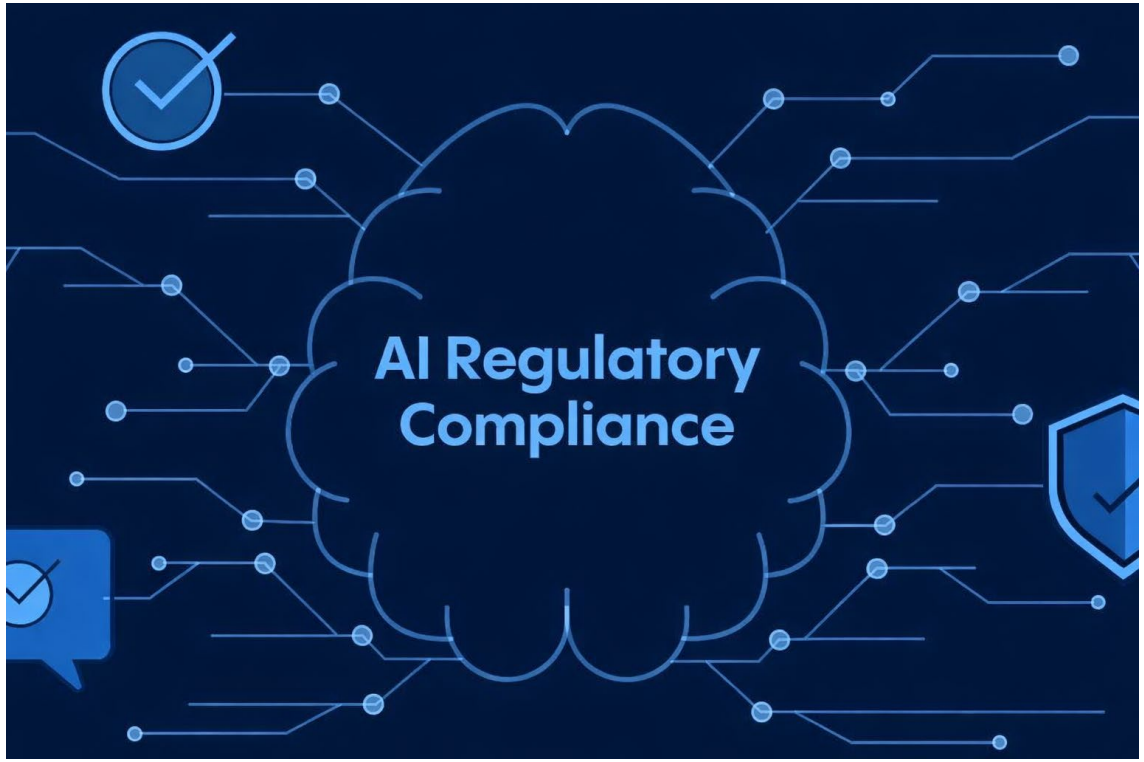
The Department encourages the development and use of innovation and AI Systems that contribute to safe and stable insurance markets. However, the Department expects that decisions made and actions taken by Insurers using AI Systems will comply with all applicable federal and state laws and regulations.

The Department recognizes the *Principles of Artificial Intelligence* that the NAIC adopted in 2020 as an appropriate source of guidance for Insurers as they develop and use AI systems. Those principles emphasize the importance of the fairness and ethical use of AI; accountability; compliance with state laws and regulations; transparency; and a safe, secure, fair, and robust system. These fundamental principles should guide Insurers in their development and use of AI Systems and underlie the expectations set forth in this bulletin.

Agenda

Suggestions to Operationalize the NAIC AI Model Bulletin

- Important Definitions
- AI Model Harm Taxonomy
- Compliance Frequency
- Compliance Report Structure
- Human Capital Needs



Important Definitions

- Artificial Intelligence
- Artificial Intelligence Systems
- Machine Learning
- Al Consumer Harm
- AI Risk Classes

AI System *– A a machine-based system that can, for a given set of objectives, generate outputs such as predictions, recommendations, content (such as text, images, videos, or sounds), or other output influencing decisions made in real or virtual environments. AI Systems are designed to operate with varying levels of autonomy.*

"Machine Learning (ML)" *Refers to a field within artificial intelligence that focuses on the ability of computers to learn from provided data without bewqeing explicitly programmed.*

AI Risk Taxonomy of Harm

Unacceptable Risk

1

Highest level of risk prohibited
Includes AI systems using e.g. subliminal manipulation or general social scoring.

High Risk

Most regulated AI systems, as these have the potential to cause significant harm if they fail or are misused, e.g. if used in law enforcement or recruiting.

2

Medium Risk

3

Includes AI systems with a risk of manipulation or deceit, e.g. chatbots or emotion recognition systems. Humans must be informed about their interaction with the AI.

Low Risk

All other AI systems, e.g. a spam filter, which can be deployed without additional restrictions.

4

Compliance Report Structure

I. Executive Summary
II. Introduction Purpose
III. Report Authors – Titles & Credentials
IV. Senior Management – BOD Oversight
V. Models & Data Sources – Internal & External
VI. Risk Assessment Framework
VII. Scope of Models & Model Cards – Inventory
VIII. Corporate Governance Structure
IX. Model Drift & Validation Techniques
X. Protected Class Inference & Bias Testing
XI. Consumer Complaint Processes

V. Models & Data Sources – Internal & External

Internal

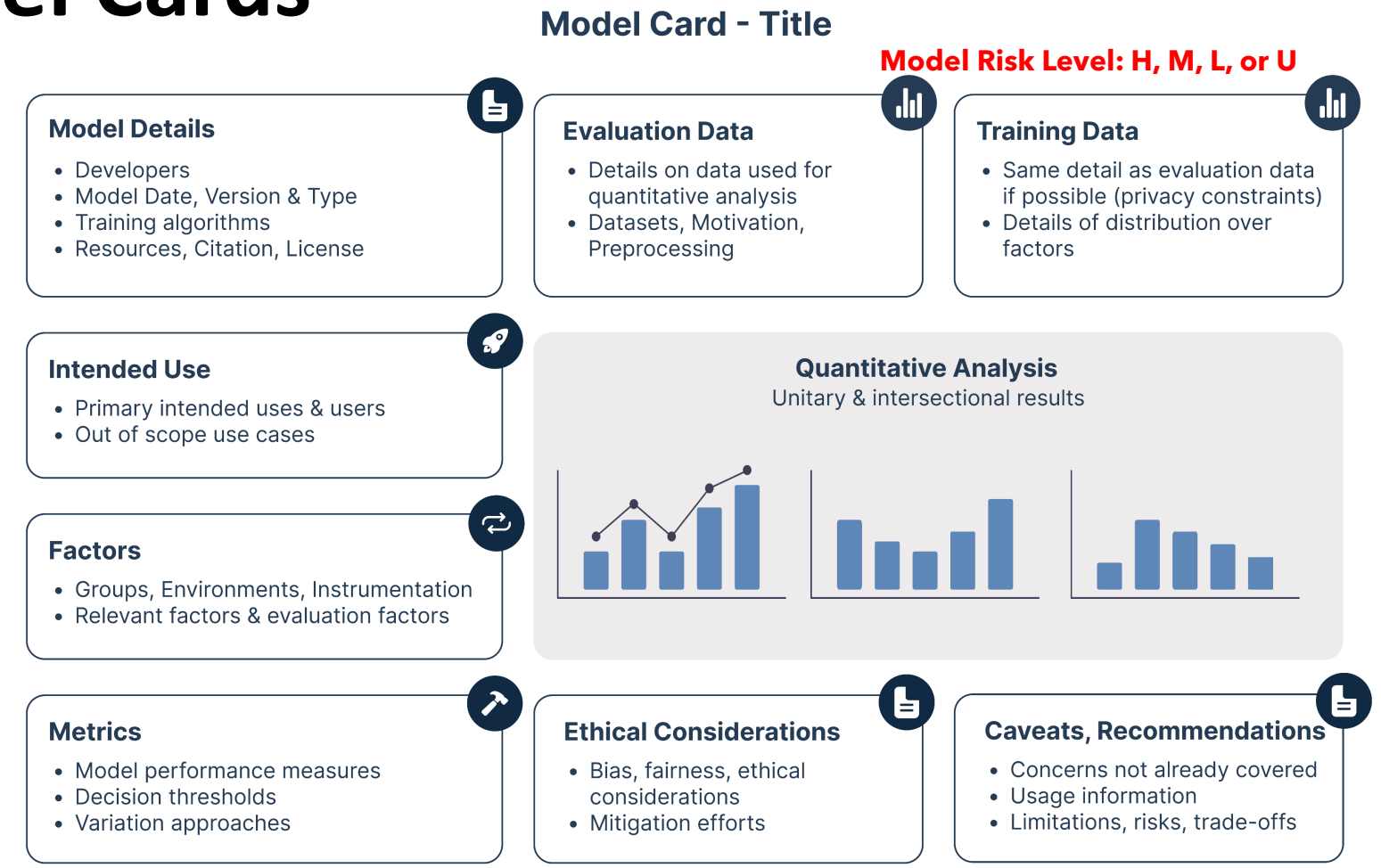
- Purpose
- Company Owners
- Time Period – Age
- Demographic Profile
  - Inclusions & Exclusions
- Loss & Risk profile
- Reconciliation of Data
- Product Applicability
- Bias Analysis
- Missing Analysis

External (2nd & 3rd Party)

- Company Specifics
- Contract Terms
- Data Design Parameters
- Collection Methodology
- Time Period of Data
- Frequency of Refresh
- Veracity & Auditability Provisions
- Confidentiality Agreements
- Usage Purpose & Rationale
- Bias Analysis
- Missing Analysis
- Regulatory Compliance

VII. The AI Model Cards

A clear, standardized report that details what a model is intended to do, how it should be used, and how it performs in different scenarios.



IX. Model Drift & Validation Techniques

Elements to include

- Loss behavior metrics
- Imputation methods and assessment metrics
- Rationale explanations supporting models & data
- Machine learning techniques employed
- Degradation lift curve analysis
- Statistical validation methods to assess model results
- Performance criteria for detecting model drift
- Methodology for measuring model drift
- Monitoring and testing frequency

X. Protected Class Inference & Bias Testing

Elements to include

- Identification of protected class attributes inferred
- Protected class inference methodologies
- Validation of protected class inference results
- Model variables that proxy protected class attributes
- Statistical methodologies applied to test for bias – Statistical/Systemic/Human
  - Regression approaches
  - Analytical Tests of Bias
  - Sociotechnical Analysis
  - Adverse Impact Ratio
- Regulatory required testing results – Protected class impacts analysis
- Narrative on weaknesses in bias testing results

Human Capital Needs

Report Review Considerations:

1. Report Volume
2. Skills Needs
3. Staffing Needs
4. Report Quality Assessment
5. Regulatory Follow-up
6. Penalty for Failure to Report

Questions?