

1. Consider Adoption of its Nov. 12, Minutes

Attachment A

–Commissioner Michael Humphreys (PA)

Draft: 11/15/24

Big Data and Artificial Intelligence (H) Working Group
Virtual Meeting
November 12, 2024

The Big Data and Artificial Intelligence (H) Working Group of the Innovation, Cybersecurity, and Technology (H) Committee met Nov. 12, 2024. The following Working Group members participated: Michael Humphreys, Chair, and Shannen Logue (PA); Kevin Gaffney, Co-Vice Chair, and Mary Block (VT); Doug Ommen, Co-Vice Chair (IA); Alex Romero and Molly Nollette (AK); Jimmy Gunn (AL); Tom Zuppan (AZ); Ken Allen (CA); Jason Lapham (CO); George Bradner (CT); Karima M. Woods (DC); Rebecca Smid (FL); Weston Trexler (ID); C.J. Metcalf (IL); Victoria Hastings (IN); Tom Travis (LA); Caleb Huntington (MA); Kory Boone (MD); Sandra Darby (ME); Jeff Hayden and Jake Martin (MI); Phil Vigliaturo (MN); Cynthia Amann and Brad Gerling (MO); Tracy Biehn (NC); Colton Schulz (ND); Megan VanAusdall (NE); Christian Citarella (NH); Scott Kipper (NV); Kevin Yan (NY); Matt Walsh (OH); Matt Gendron (RI); Andreea Savu (SC); Vickie Trice (TN); J'ne Byckovski (TX); Michael Peterson (VA); Eric Slavich (WA); Nathan Houdek (WI); Juanita Wimmer (WV); and Lela Ladd (WY).

1. Adopted its July 29 Meeting Minutes

Darby made a motion, seconded by Commissioner Gaffney, to adopt the Working Group's July 29 meeting minutes (see *NAIC Proceedings – Summer 2024, Innovation, Cybersecurity, and Technology (H) Committee*). The motion passed unanimously.

2. Heard a Presentation on How AI Is Used in Insurance Including Implementation Challenges and Lessons Learned

Tom Prince (Milliman) began the presentation by providing background on artificial intelligence (AI) in insurance, emphasizing the rapid pace of change and the need for the insurance industry to respond to the rise of AI. He noted that while the insurance industry is well-positioned to leverage AI given its quantitative foundation, there are still major challenges to overcome. He discussed several use cases including developing chatbots and assistants for tasks like legal compliance, actuarial guidance, and rate/product filing. The key lessons from these efforts include the difficulty of getting these systems to be fully reliable and trustworthy, as retrieval augmented generation (RAG) and human oversight are critical, as well as the importance of using the most advanced foundational AI models available and the need for close collaboration between technology teams and domain experts to effectively leverage AI capabilities.

Prince discussed the risks associated with generative AI, highlighting areas of data security/privacy, bias, and risks to the human-AI configuration within organizations. He referenced a National Institute of Standards and Technology (NIST) framework for managing these AI risks and noted the alignment to the NAIC's *Model Bulletin on the Use of Artificial Intelligence Systems by Insurers*. However, he noted the importance of going beyond having a structured framework that, while useful and necessary, is not sufficient. Rather, a careful assessment must be taken to prioritize and take action in proportion to the level of risk.

Gendron asked whether sufficient research has been done on the importance of process controls and whether synthetic data could be used to test for potentially illegal or inappropriate outcomes. Prince responded that there are some process controls in ratemaking, such as using hold-out data for testing and testing the impacts of individual variables in modeling, but he has not seen much research about using synthetic data to test for illegal or inappropriate outcomes.

Prince closed by briefly mentioning that the use of third-party AI systems comes with the risk of vendors being acquired or becoming bankrupt. Commissioner Humphreys acknowledged that the Third-Party Data and Models (H) Task Force will examine those issues.

3. Received an Update on the AI Systems Evaluation Workstream

Commissioner Ommen provided an update on the AI systems evaluation workstream's efforts, stating that following up on the adoption of the model bulletin, the workstream has had several discussions to determine the next steps in order to help regulators on the use of AI. Commissioner Ommen stated that one initiative the NAIC took was forming the Third-Party Data and Models (H) Task Force this year, with the goal of establishing an effective framework to regulate the use of AI systems sourced from third parties. Another initiative is to begin discussions on AI systems evaluations, which was initially started as a collaboration forum but is now working under and in coordination with the Big Data and Artificial Intelligence (H) Working Group, as new charges are being considered by the H Committee. This work will help regulators update the regulatory framework to help assess the effectiveness of insurer AI governance programs and risk mitigation strategies as laid out in the expectations in the bulletin.

The AI Systems Evaluation workstream was formed to help regulators ask the right questions and provide guidelines and tools to help evaluate the potential for risk that might arise from the use of AI systems. Commissioner Ommen noted that this workstream has started by looking at what has already been developed in the Big Data and Artificial Intelligence (H) Working Group and other working groups such as the Accelerated Underwriting (A) Working Group and its guidance in automated life insurance underwriting, and the Casualty Actuarial and Statistical (C) Task Force and its *Regulatory Review of Predictive Models* white paper. The workstream also has been discussing what new tools need to be developed to help assess the extent to which AI is being used, where and how to assess potential risk, and then assess an insurer's governance program.

Commissioner Ommen reviewed the drafted charges for the workstream, which are: 1) identify existing tools, resources, materials, and training that will assist and guide regulators in their review of AI systems used by licensees, including an insurer's AI program which includes establishing a coordinated work plan and timeline for further development of those resources; 2) develop new regulatory tools or regulatory guidance to assist regulators in their review of AI systems used by licensees, including an insurer's AI program; and 3) coordinate the development of review and enforcement tools, resources, guidelines, and training related to AI systems for regulators across the NAIC.

Commissioner Ommen reiterated that in the short term, the workstream is looking into the initial tools, resources, and education necessary to meet the immediate needs of enforcing the bulletin and assessing the use and risks of AI, but in the longer term, the workstream will be continuing to have discussions about how an overall AI regulatory framework should be developed and possibly incorporated into the *Market Regulation Handbook* or whether it is more appropriate to establish a stand-alone handbook. Commissioner Ommen noted that as a possible timeline, in the remaining time this year, the workstream will continue to review AI evaluation work from other NAIC groups and will determine the need to develop tools for regulators to help assess how AI is used by an insurance company. Then, in 2025, the workstream will discuss the market regulation process and recommend updates to the D Committee, and in 2026, it will support the implementation of proposals to update regulations and/or establish new regulations to address how AI is used in the industry.

Peter Kochenburger (Southern University Law Center) commented that the materials presented by the AI Systems Evaluation workstream do not include mention of consumer rights and that disclosure requirements are not the solution to data privacy. He then asked when the NAIC will turn to addressing specific consumer rights.

Commissioner Humphreys responded by stating that a couple of consumer representatives will give a presentation to the Big Data and Artificial Intelligence (H) Working Group at the upcoming Fall National Meeting, and the Working Group anticipates hearing from consumers to help identify the most appropriate way to regulate the use of AI in insurance. Commissioner Humphreys further noted that the AI/machine learning (ML) surveys brought to light how the industry is using AI today, and while the NAIC has issued initial guidance in terms of general principles, the idea has always been to pursue the next steps to develop a comprehensive plan to move forward to regulate the use of AI in insurance.

Commissioner Gaffney added that the states are still in the process of adopting the bulletin, and at the same time, the Working Group is communicating its voice in a lot of different venues about the expectations of the bulletin. The AI Systems Evaluation process is looking to possibly add procedures to the *Market Regulation Handbook* and will have consumer protections in mind. The NAIC will remain transparent, and it welcomes continued input from consumer groups.

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

SharePoint/NAIC Support Staff Hub/Member Meetings//H CMTE/2024_Fall/WG-BDAI/2024 1112Interim-Meeting\Minutes-BDAIWG-111224.docx

2. Receive an Update on the Health Artificial Intelligence/Machine Learning Survey

Attachment B

–Commissioner Michael Humphreys and Shannen Logue (PA)



Big Data and Artificial Intelligence (H) Working Group

Update on Health Insurance AI/ML Survey Work

**Commissioner Humphreys
Shannen Logue, Deputy Commissioner
Pennsylvania**

**2024 Fall National Meeting
November 17, 2024**

AI/ML Survey Work: Personal Auto, Homeowners, Life; Health in Progress

Charges of Big Data and Artificial Intelligence (H) Working Group include:

Research the use of big data and artificial intelligence (AI) in the business of insurance, and evaluate existing regulatory frameworks for overseeing and monitoring their use. Present findings and recommended next steps to the Innovation, Cybersecurity, and Technology (H) Committee, which may include model governance for the use of big data and AI for the insurance industry.

**Personal Auto Insurance
AI/ML Surveys
Report Issued Dec. 2022**

**Homeowners Insurance
AI/ML Surveys
Report Issued Aug. 2023**

**Life Insurance
AI/ML Surveys
Report Issued Dec. 2023**

**Health Insurance
AI/ML Surveys
Issued Nov. 2024**

Goals

1. To gain a better understanding of the insurance industry's use and governance of AI.
2. To seek information that could aid in the development of guidance or potential regulatory framework to support the insurance industry's use of AI.
3. To inform regulators as to the current and planned business practices of companies.

Health Insurance AI/ML Surveys – Remaining Timeline

Target Date	Task
Oct 31, 2024	• Call Letter issued
Nov 11, 2024	• Launched survey
Jan 22, 2025	• Survey responses due
Mar 17, 2025	• Complete analysis and Write Report
Mar 24, 2025	• Publish report (tentative)

Health Insurance AI/ML Surveys – Improvements

- **Focused on specific product lines that are under regulatory authority:**
 - Comprehensive Individual Major Medical Plans
 - Comprehensive Small Employer Major Medical Plans and Comprehensive Other (i.e. Large) Employer Major Medical Plans
 - Individual and Group Student Health Plans
- **In response to feedback from consumer reps, made improvements to these areas:**
 - Data Use
 - Third Parties
 - AI Governance
 - Operational Functions
- **Streamlined Qualtrics survey flow and organization** – based on experiences from prior surveys

3. Receive an Update on the Follow Up to the Private Passenger Auto Artificial Intelligence / Machine Learning Survey

Attachment C

–Shannen Logue (PA)



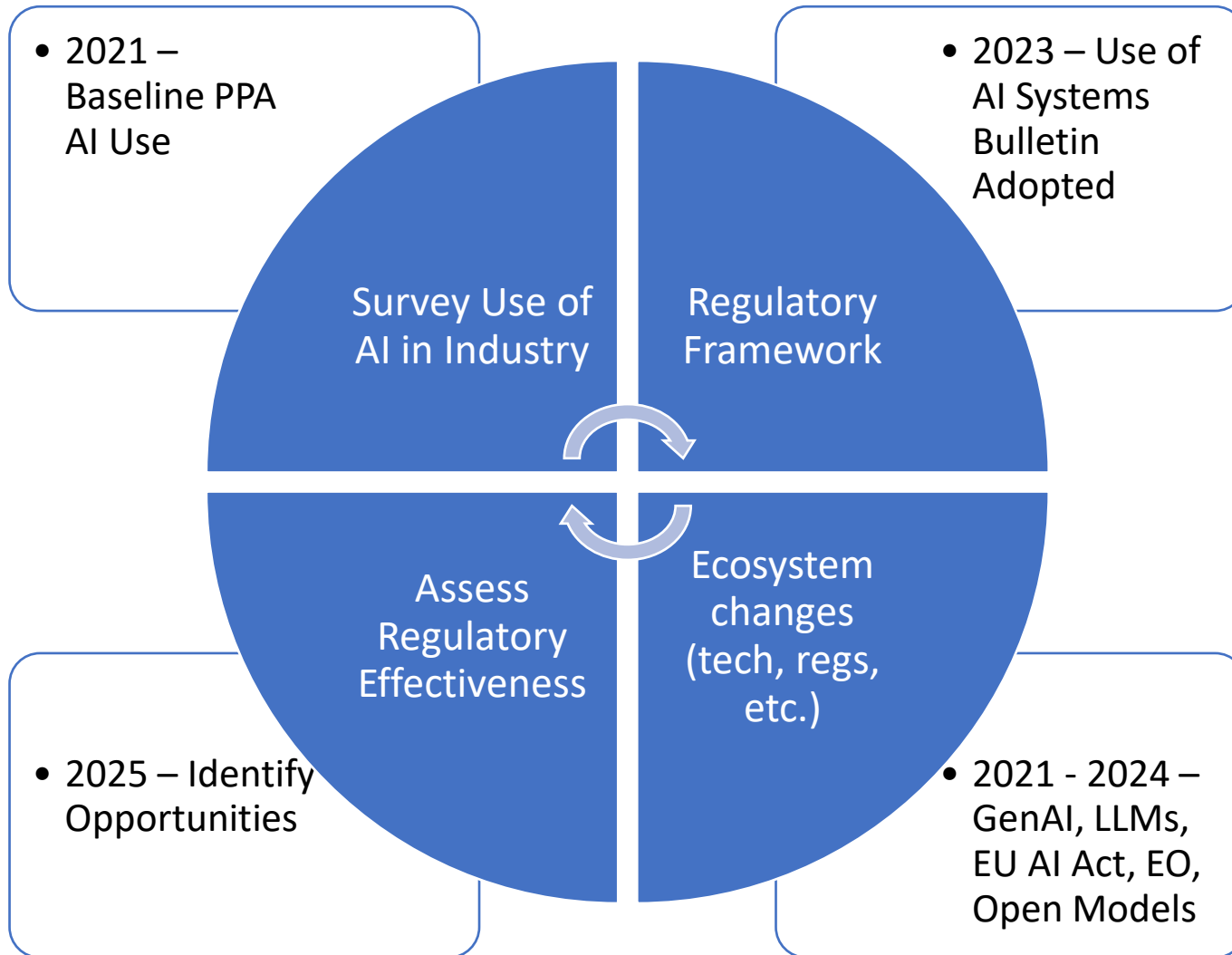
Big Data and Artificial Intelligence (H) Working Group

Update on the Follow Up to the Private Passenger Auto (PPA) AI/ML Survey

**Shannen Logue, Deputy Commissioner
Pennsylvania**

**2024 Fall National Meeting
November 17, 2024**

Private Passenger Auto AI Follow Up Survey



- PPA Follow Up Survey
 - Subset of insurers who used AI in 2021
 - F/U Survey Questions:
 - What has changed?
 - Use of AI Bulletin?
 - Governance?
 - Testing?
 - Third party data?
 - Interested regulators meeting with insurers individually through 1Q2025 to discuss responses

4. Hear a Presentation from the Leukemia & Lymphoma Society (LLS) and NORC at the University of Chicago Summarizing their Report on Health Insurance Companies' Use of AI to Conduct Utilization Management

Attachment D

–Lucy Culp (Leukemia & Lymphoma Society)

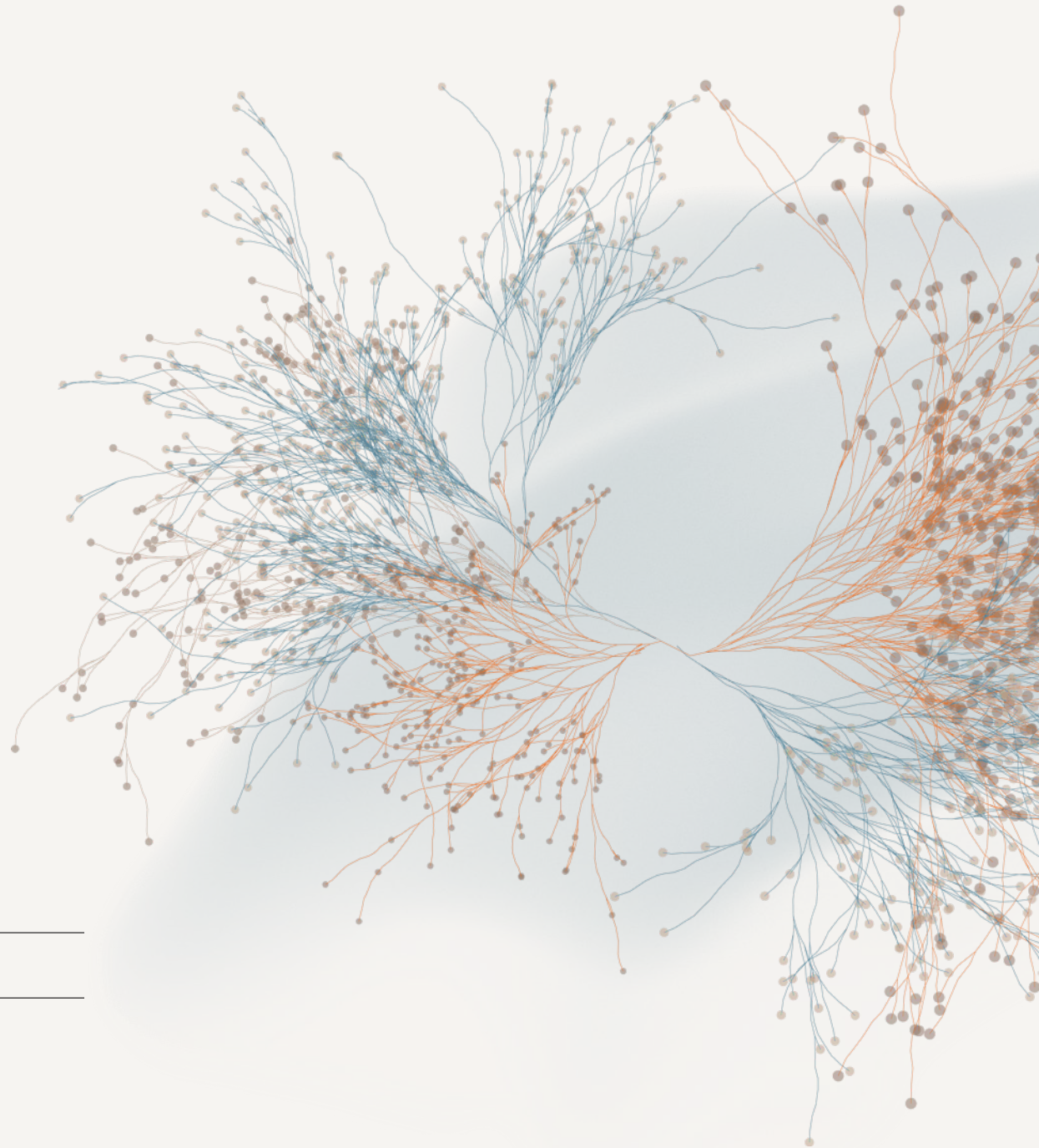
–Lauren Seno (NORC at the University of Chicago)

Artificial Intelligence in Health Insurance

The use and regulation of AI in utilization management

Presentation to the NAIC Big Data and Artificial Intelligence (H) Working Group

11.17.2024



Agenda

01 Report Overview

02 Key Findings

03 Recommendations

04 Conclusion



A woman with her hair in a bun is sitting in a meditative pose on a beach. She is wearing a light-colored shirt and dark shorts. Her eyes are closed, and her hands are resting on her knees in a mudra. The background shows the ocean and a clear sky. The entire image has a semi-transparent blue overlay.

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Report Overview

The report was developed in partnership with the NAIC Consumer Representatives for Health

CONSUMER

HEALTH

ADVOCACY

AT THE NAIC

The research was divided into three phases:

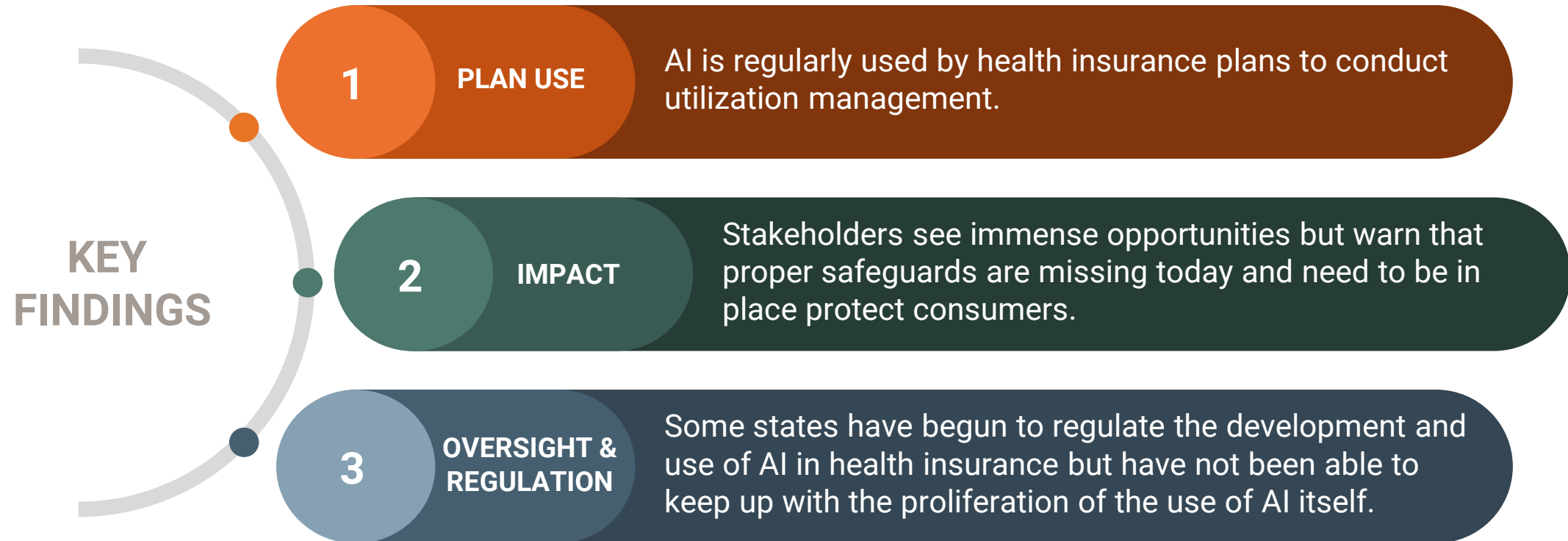
1. **Environmental Scan** – Review and summarize white and grey literature to examine the current landscape of AI in health insurance decision making processes, with a focus on prior authorization as a form of utilization management (UM), and preliminary efforts to regulate it.
2. **Key Informant Interviews** – Supplement the environmental scan to create a more holistic view on the industry’s current use and challenges of AI, including information that is not publicly known or published.
3. **Synthesis (White Paper Development)** – Combine the environmental scan and in-depth interview findings with policy recommendations.

Important Terminology

Artificial intelligence (AI) is a catch-all term referring to technologies that enable computers and machines the ability to mirror human learning and decision-making. Within AI, there are many different models and capabilities.

For this report, we are primarily focused on applications of **natural language processing (NLP)** and **machine learning (ML)**. NLP is a form of AI that allows computers to understand, interpret, and generate human language. ML refers to the ability of computer systems to learn and adapt beyond its initial instructions.

Key Findings



The primary benefit of using AI for utilization management is the ability to reduce clerical burden, expedite approvals for patients, and enable practitioners to practice at the top of their license.

– **Health Plan Executive**

The chance to monitor and test AI systems is a chance to test and monitor outcomes to the standard that society expects.

– **Technical Expert**

The AI tools being used today are based on historically biased data.

It's one thing to look at a model and say, 'this algorithm is biased based on the data that we use to develop it,' but there is also a gap in the patients who are able to fight back against the denials.

– **Consumer Advocate**

Health plans leverage the abilities of AI to make UM decisions, specifically to respond to prior authorization requests

Health plan sees the potential for AI to:

- Reduce administrative burden
- Allow clinical reviewers to work at the top of their license
- Speed approvals

Research focused on three primary ways health plans are using AI in UM:

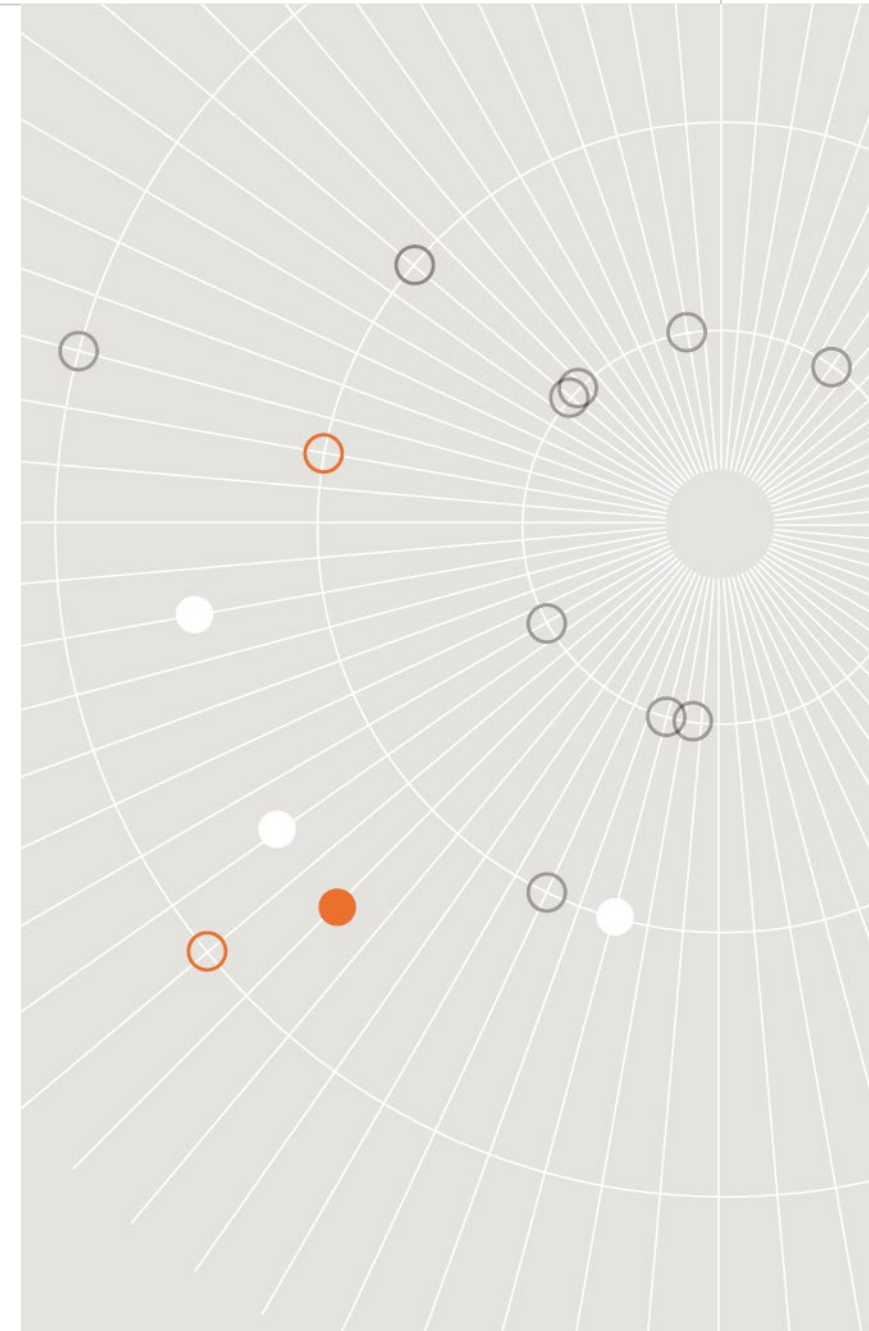
- Administrative-Only AI
- Decision-Making AI
- AI Learning Model

	Scans Large Datasets	Uses Fixed Inputs to Make Case Determinations	Evolves Algorithm Based on Data
Administrative-Only AI	✓		
Decision-Making AI	✓	✓	
AI Learning Model	✓	✓	✓

As AI tools are developed and deployed to make coverage decisions, concerns arise

In the absence of a comprehensive regulatory framework for the use of AI in health insurance, stakeholders have started to identify the potential risks that may adversely impact care delivery and health outcomes:

- **Tools trained by biased datasets**
- **Algorithms developed with misaligned incentives**
- **Machine learning systems developing their own processes**

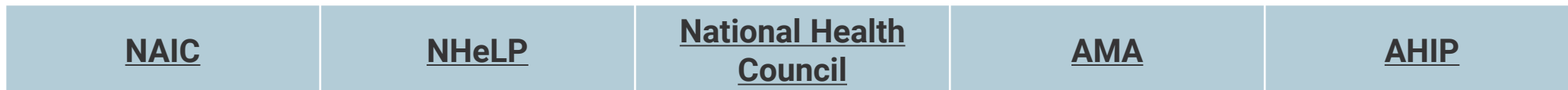


As AI in UM expands, the state regulatory landscape has been uneven in its ability to keep up with advancements

- **States have started to develop their own approaches on how to best regulate this evolving environment**



- **Many organizations have developed frameworks on how AI should be used and regulated in health insurance practices**



CONSUMER

HEALTH

ADVOCACY

AT THE NAIC

RECOMMENDATIONS



**TRANSPARENCY
AND DATA**

Transparency, both to regulators and consumers, is seen as a crucial component of AI oversight as seen in both regulatory and legislative action to date, and as reflected in the guiding principles for AI put forward by health care advocates.



ACCOUNTABILITY

Transparency is critical to hold health insurance plans accountable, and when appropriate, liable for the harm caused by the integration of AI into UM activities. Accountability is necessary to hold parties liable for harm.



**ENSURING EFFECTIVE
OVERSIGHT**

Regulators need to ensure that health insurance companies place humans with the appropriate clinical training, authority, at the center of decisions that impact patient care. Accessible appeals processes must be considered a right for all consumers.

Transparency, both to regulators and consumers, is seen as a crucial component of AI oversight

- **Meaningful transparency is critical**; it must be clear, to both regulators and consumers, when AI is being used by health insurance plans for the purposes of UM and what role the AI plays in making determinations about coverage for care
- **Transparency must extend to disclosures about the data used to develop, train, and test the AI tools** (with an emphasis on consent for use and representativeness of the population), and the extent to which any AI tool can begin to train itself
- **Existing laws that are used to regulate data should be assessed for their applicability** to AI in utilization management

The reliance on proprietary technologies obscures accountability for decisions when harm is done

- **Transparency is a necessary precursor** for any complaint or action taken to enforce regulation
- **Regulatory standards must clearly identify which parties are accountable** (e.g., health plans, technology developers, etc.) when AI tools are used in UM decisions that lead to consumer harm, including discrimination, breaches of privacy, and incorrect adverse determinations
- **Regular audits**, conducted on behalf of state regulatory agencies by parties with specialization in testing AI technologies, can be an effective way to both understand the ways AI is used in making UM decisions and hold the plans accountable for its use
- AI tools intended for UM decisions should be **built on standards of care that aim to achieve the highest level of quality**, and penalties for non-compliance need to be significant enough to have influence
- Governance structures that **measure and prevent harm to historically marginalized and minoritized populations** must be required

Human oversight is important, but is not a panacea and accessible appeals processes must be prioritized

- **Robust and accessible appeals processes** for coverage denials need to be established and considered a guaranteed right for all health insurance consumers
- **Human oversight must be embedded into UM when AI is used** and those reviewers must have the authority and ability to overturn decisions made by the AI without undue consequences
- **AI regulation needs to be considered an evolving practice**, that relies on collaboration between regulators, technical experts, industry stakeholders, consumers, and consumer advocates

CONSUMER

HEALTH

ADVOCACY

AT THE NAIC

CONCLUSIONS

The time to act is now



The rapid expansion of AI tools in health care insurance demands immediate regulatory attention to protect consumers from potential harm and discrimination, when AI is used in UM decisions.

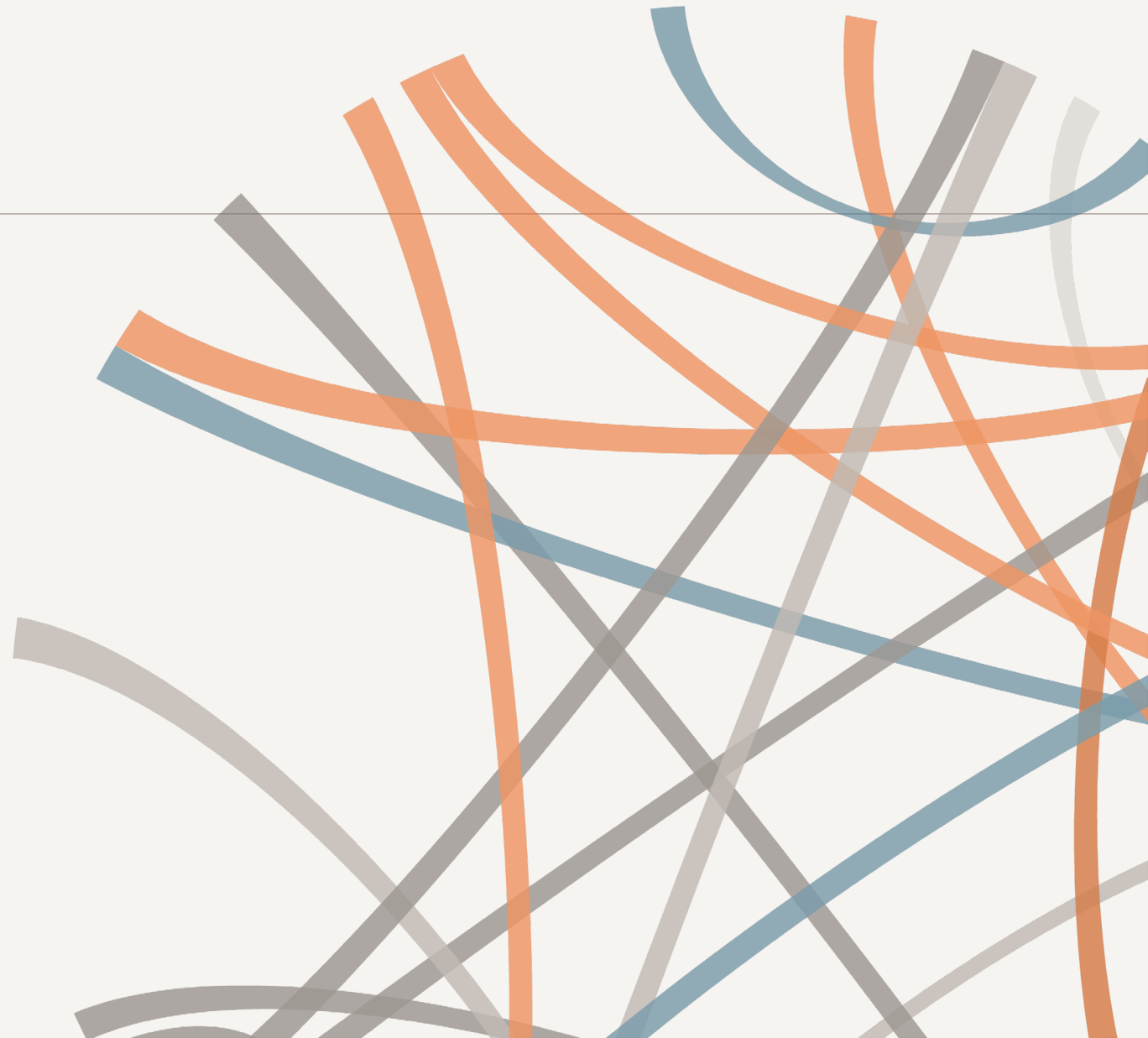


While this report outlines some key considerations, it is not exhaustive and instead attempts to offer a foundation for understanding current AI use cases in UM and highlights the urgent need for state and industry leaders to examine and regulate these practices.



The importance of acting now cannot be overstated. Without immediate safeguards, the risks posed by unchecked AI in health insurance processes will only continue to grow.

Questions?



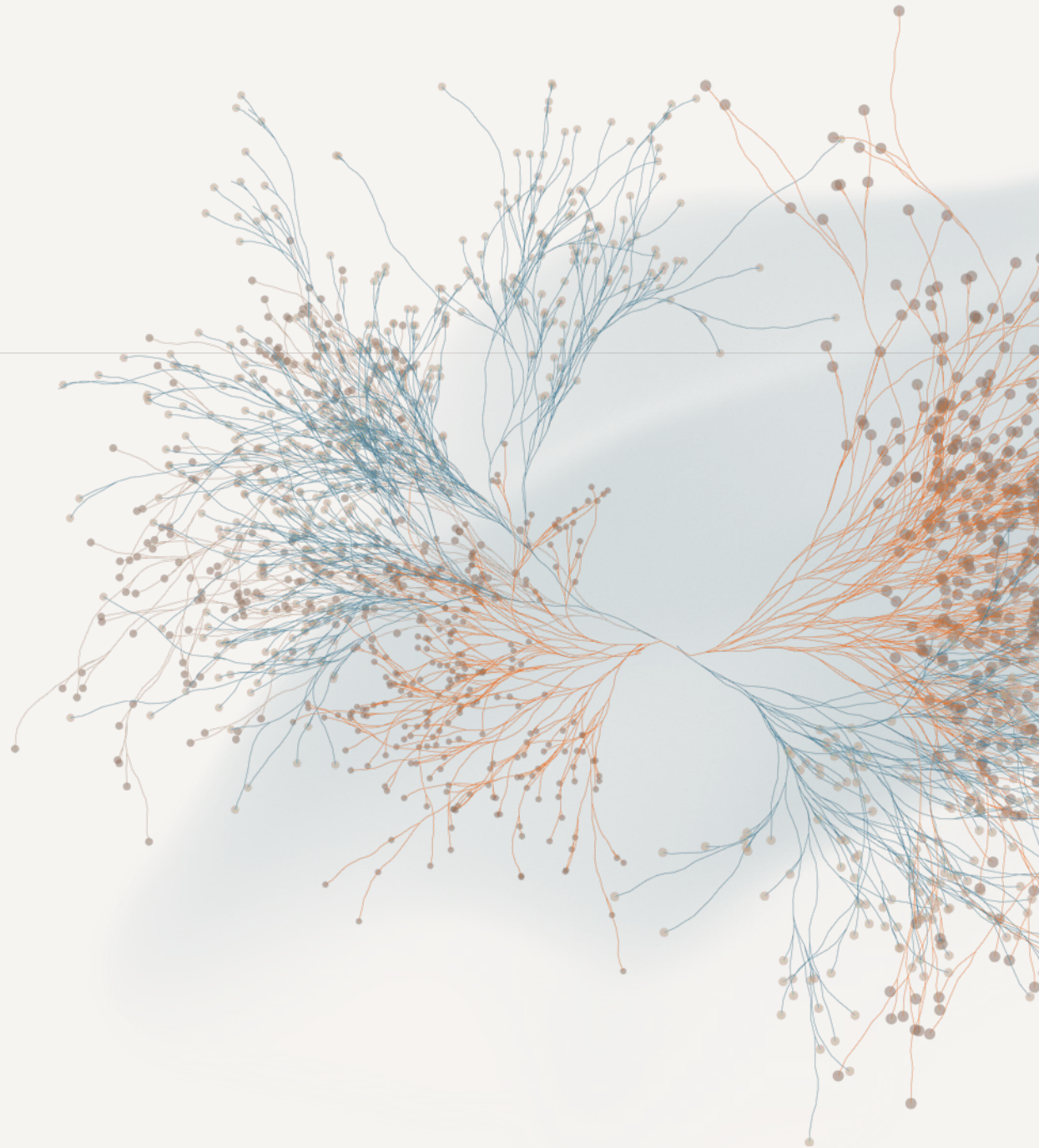
Thank you.

Lauren Seno
Director
seno-lauren@norc.org

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Appendix



Environmental scan search terms were grouped into three main categories

1. Utilization Management

- Use of AI by health plans in UM
- Most common applications of AI in UM

2. Equity and Bias

- How is bias measured and monitored in AI generally? By plans or regulators specific to AI in UM?
- Status of state regulatory actions – have states implemented self-assessments or currently monitor for bias?

3. Technical Components

- Are the tools or applications leveraging AI in UM aligned with intended purpose?
- How are the tools trained, tested, and monitored?

Search Parameters

- Limited to materials published in/related to the US only
- Date range: 2009 – 2014
 - Expected most literature to be from 2018 – present, but wanted to be inclusive
- 219 initial results (113 included after secondary review)

Primary Search Terms	Detailed Search Terms
Utilization Management	
Application*, or use* of AI in insurance utilization management practices	("application" OR "use") AND ("AI") AND ("HEALTH INSURANCE") ("utilization management" OR "prior authorization" OR "denials" OR "care management" OR "managed care" OR "claims analytics")
Application*, or use* of AI in insurance utilization management practices by service line	("application" OR "use") AND ("AI") AND ("HEALTH INSURANCE") AND ("SERVICE LINE" OR "CONDITION" OR "DISEASE" OR "HEALTH CONCERN") ("utilization management" OR "prior authorization" OR "denials" OR "care management" OR "managed care" OR "claims analytics")
Equity / Bias	
Standards*, or measures* , or assessments* , to prevent biases in AI training in health care*, or health insurance*	("standards" OR "measures" OR "assessments") AND ("prevent" OR "mitigate") AND ("biases in AI training" OR "biases in AI development") AND ("health care" OR "health insurance")
Current tests for detecting biases in AI in health care*, or health insurance*	("current" OR "existing" OR "validated") AND ("tests for detecting biases in AI") AND ("health care" OR "health insurance")
Technical Components	
AI for utilization management in health care*, or health insurance* , intended use*, or purpose* , or application*	("AI") AND ("utilization management" OR "prior authorization" OR "denials" OR "care management" OR "managed care" OR "claims analytics") AND ("health care" OR "health insurance") AND ("intended use" OR "intended purpose" OR "intended application")
AI for health care*, or health insurance* , training standards*, or measures* , or practices* at development*, or ongoing	("AI") AND ("health care" OR "health insurance") AND ("training standards" OR "training measures" OR "training practices") AND ("development" OR "ongoing")

Each interview had a tailored interview guide, but each conversation aimed to cover five main questions

1.

How has the use of AI in UM evolved in the past five to ten years?

How are plans using AI today? How might that evolve in the future?

2.

What are the intended outcomes for the use of AI in UM?

When functioning as intended, what impact is AI having on cost and quality of care?

3.

What unintended outcomes have we seen that are the biggest concern?

What impact does AI in UM have on historically marginalized and minoritized communities?

4.

How do current policy or regulatory actions address these concerns?

What state and federal policies exist today that can be applied to AI in UM? Where are the gaps?

5.

What policy or regulatory actions are needed to prevent consumer harm?

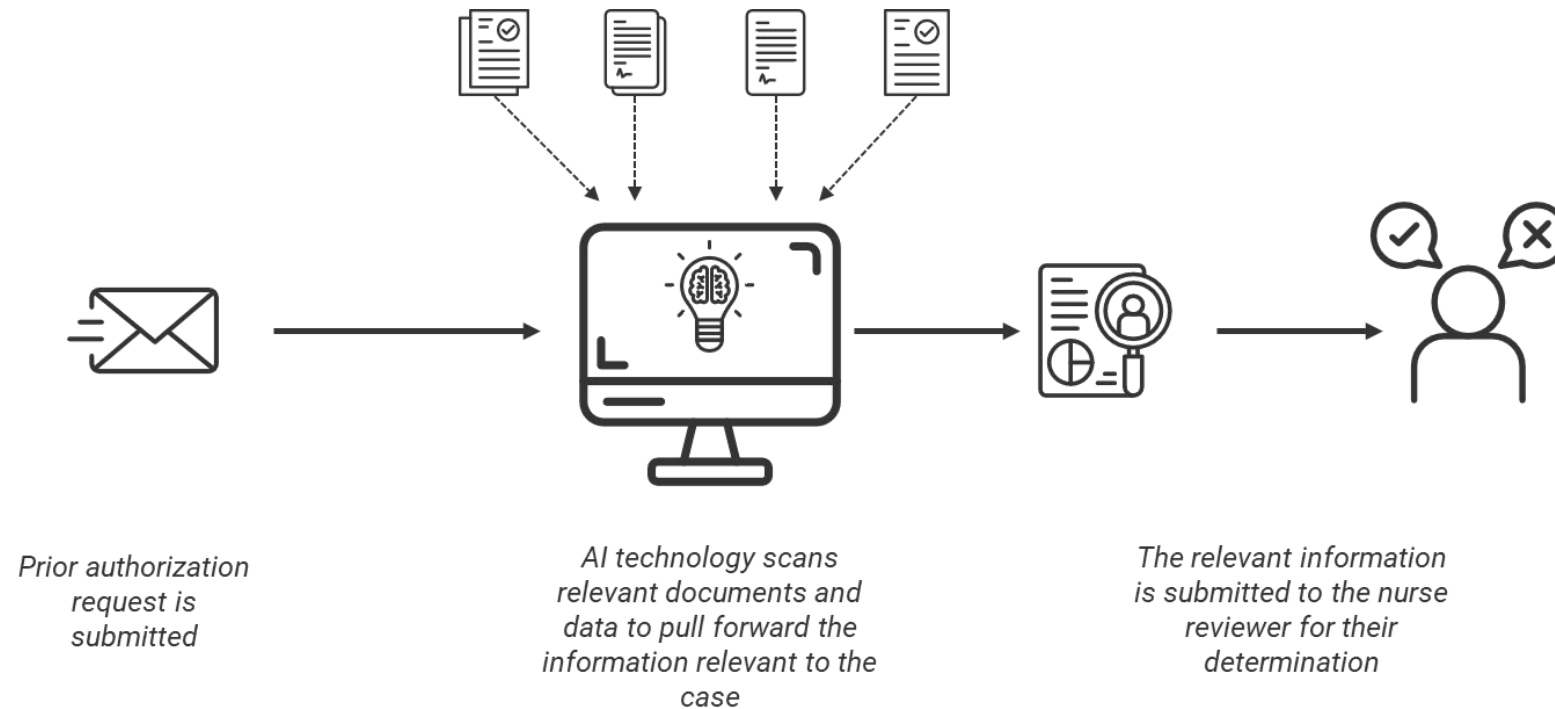
What should regulators consider when shaping potential action to prevent harm when AI is used in UM?

Key Informant Interview Participants

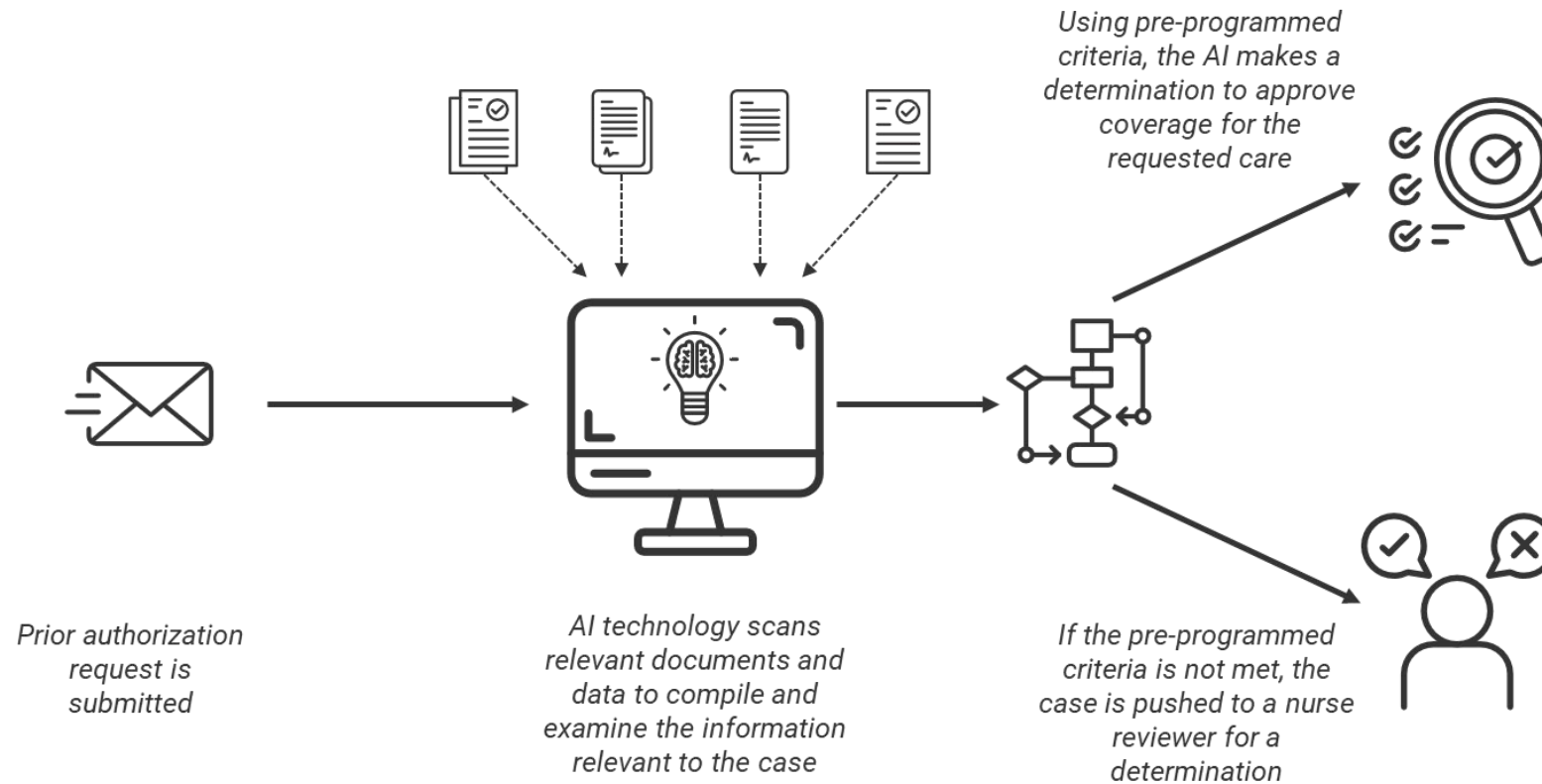
Perspective	High-Level Descriptor
Health Plan	Analytics Executive at a Regional Health Plan
Thought Leader	Health Policy Professor
Consumer Advocate	Attorney for Underserved Patients and Families
Consumer Advocate	Leader at a Patient Advocacy Organization*
Regulator	Representative from a State Department of Insurance
Technical Expert	Algorithmic Design and Measurement Consultant
Provider	Representatives from a Trade Group for Physicians

*The second consumer advocate provided written responses to the structured interview questions.

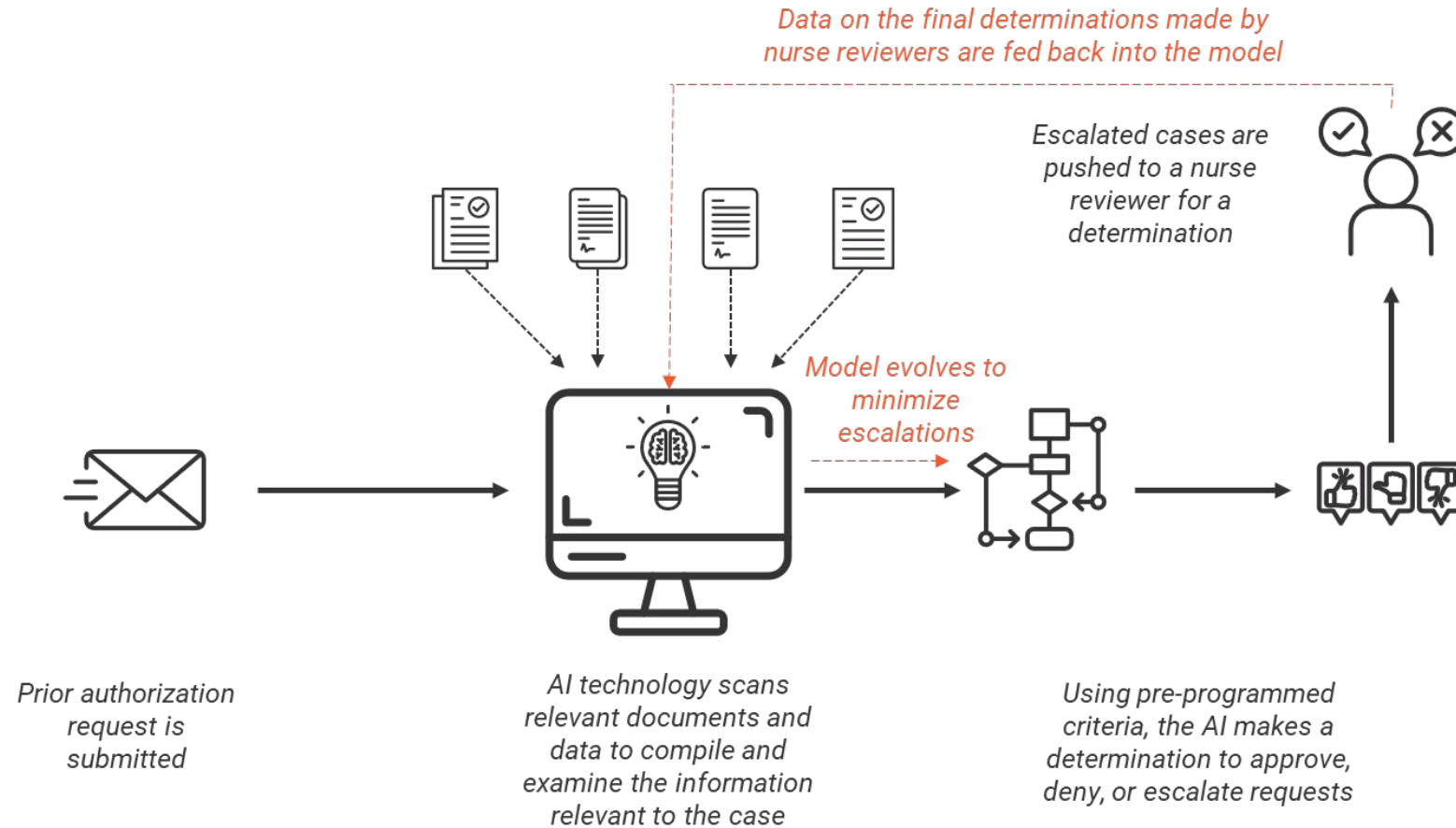
Example 1: Administrative-Only AI in UM



Example 2: Decision-Making AI in UM



Example 3: AI Learning Model for UM



5. Hear a Presentation on Use of Case Application of AI in Insurance Underwriting and Claims

Attachment E

–Frank Quan, Ph.D. (University of Illinois)

How AI is Used in Underwriting and Claim Management

Zhiyu (Frank) Quan

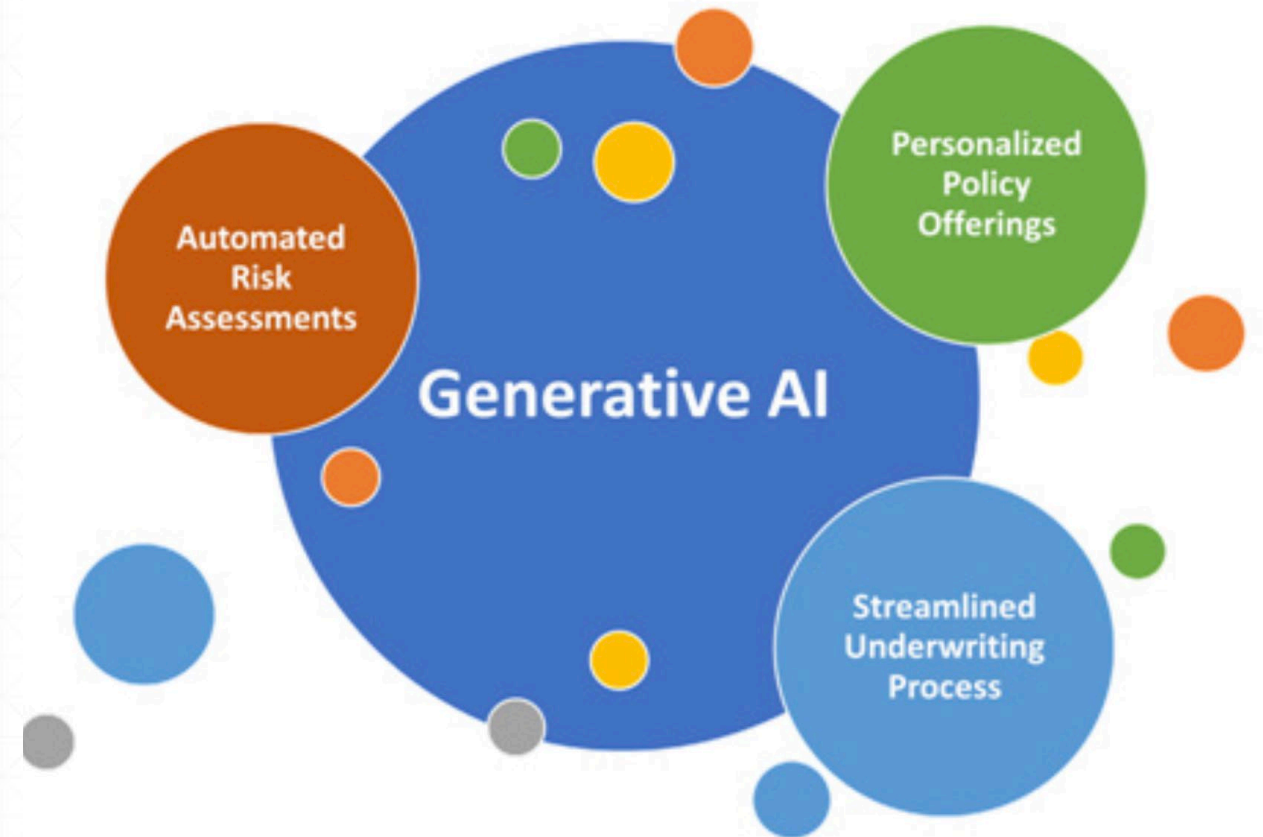


I gratefully acknowledge Scott Sobel, Panyi Dong & Xiaoyu Dong, who assisted in preparing this presentation.

Underwriting

Streamlined Underwriting:

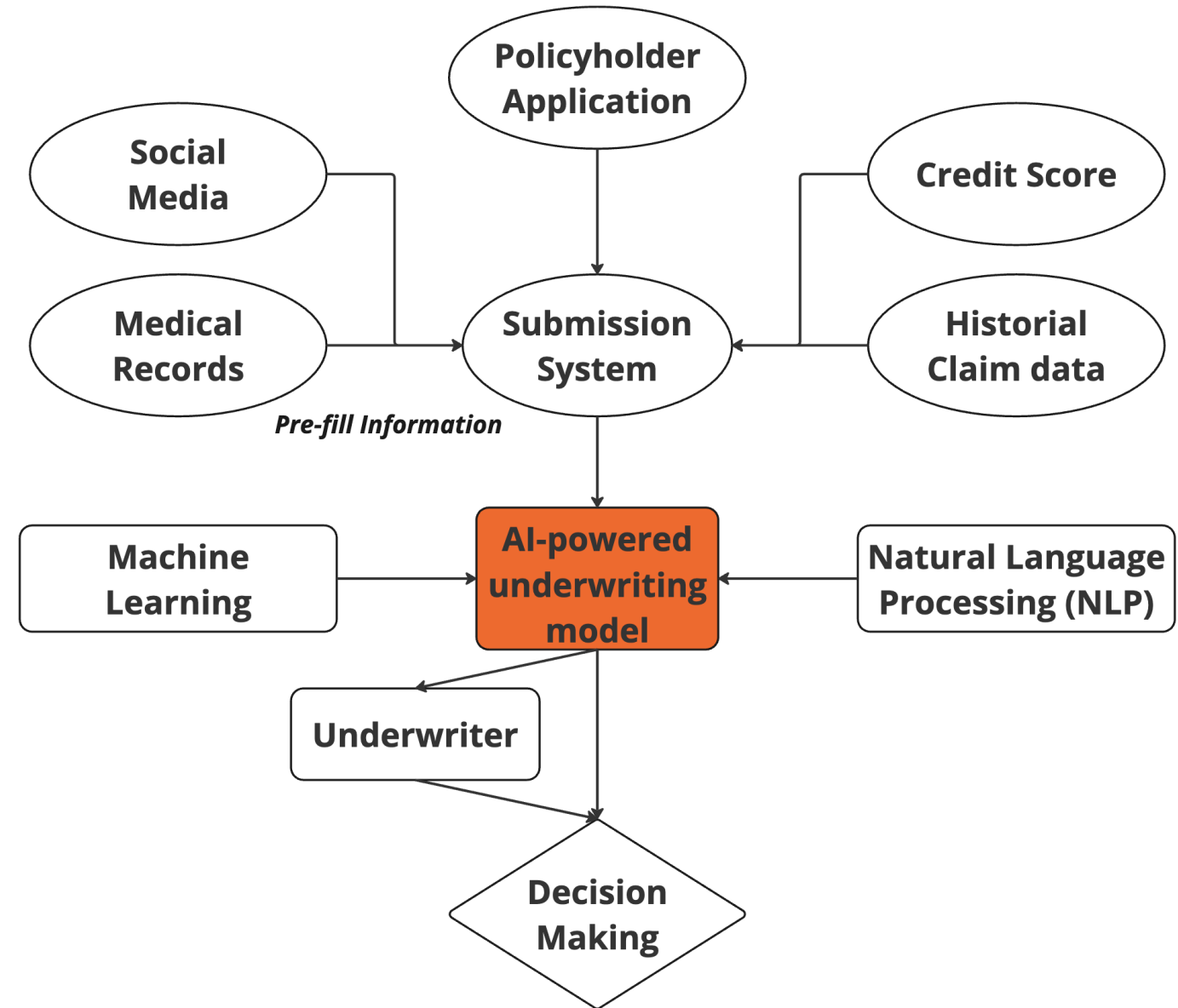
The use of advanced technologies and data analytics to streamline the traditional insurance underwriting process.



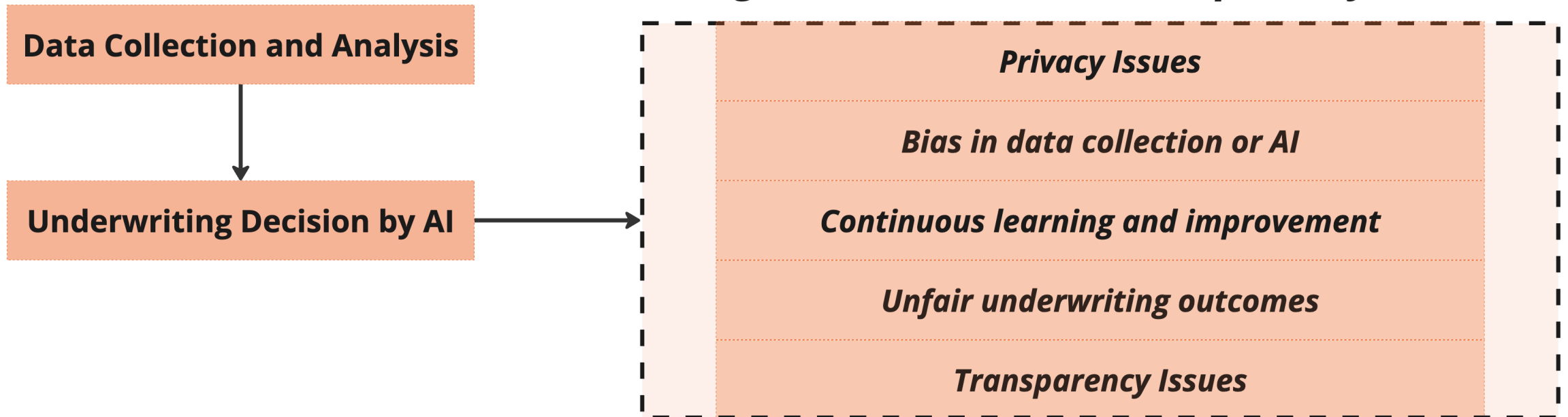
Underwriting

Improved Customer Experience:

- Fewer questions
- Faster turnaround



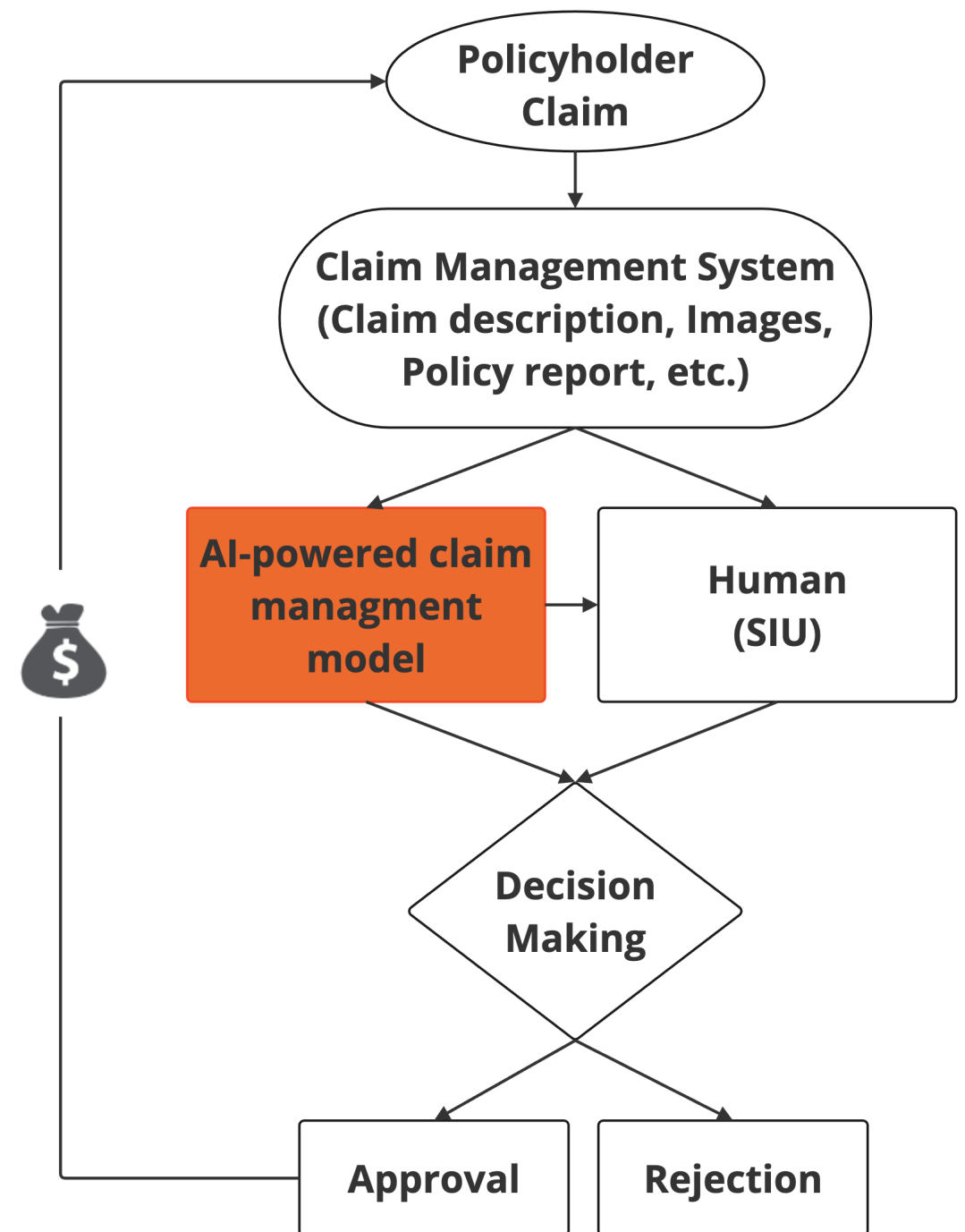
Underwriting



Claim Management

Automated Claims Adjudication:

AI-powered systems can review and process claims autonomously by analyzing documentation, images, and past claims history.



Claim Management

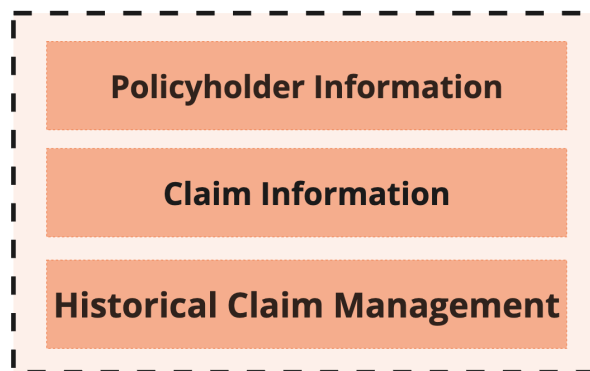
For example, in image recognition for damage assessment, AI models analyze photos of damage (e.g., cars, homes) to assess repair costs and expedite claims processing.



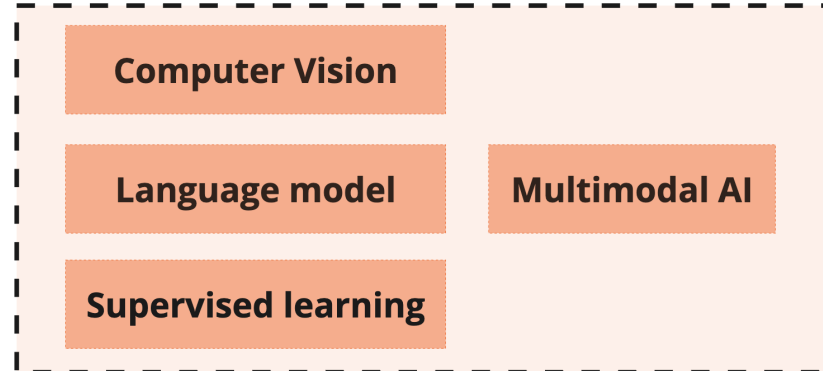
Claim Management

- AI models rely on **large amounts of data** for learning and prediction when processing automated claims.
- AI models may have many **submodules** to handle a **variety of data**, list a few, computer vision, language model, supervised learning.
- Continuous monitoring, regular data audits, and ongoing model validation to mitigate failures.
- Requires a careful **balance** between **automation** and **human** oversight, transparent algorithm development, and a strong commitment to data ethics and regulatory compliance.

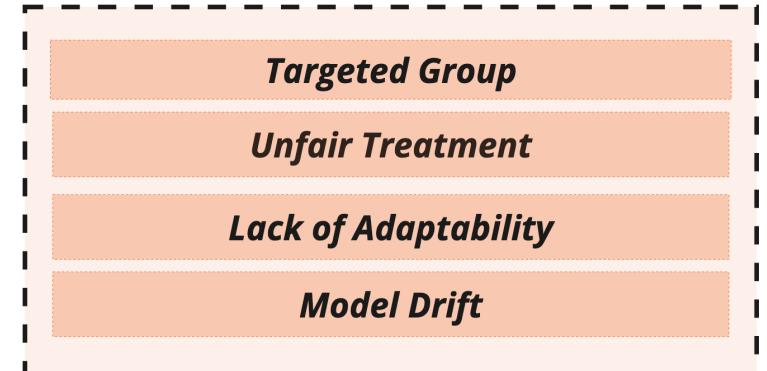
Data Sources



AI-Powered Claim Assessment Process

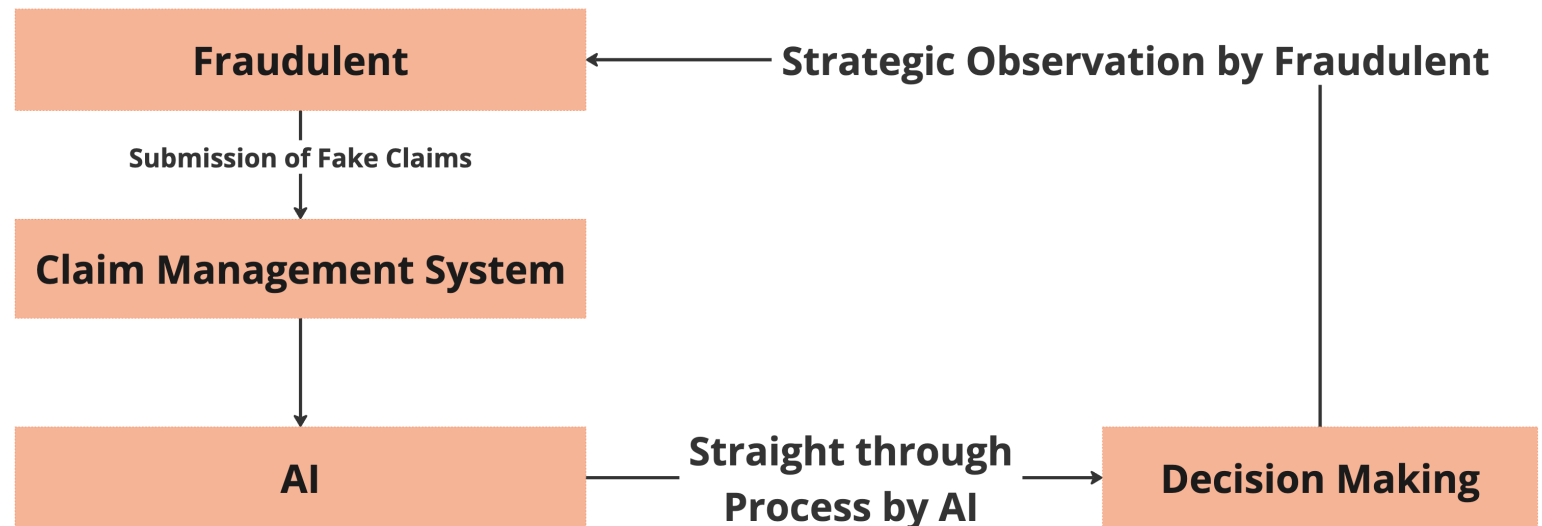


Model Accuracy and Fairness Issues



Claim Management

Fraud actors may gradually **understand** how the system judges claim. For example, by observing which types of claims are easily approved and which claims are frequently rejected, fraud actors can infer the operating rules and judgment criteria of the model. Once these patterns are identified, some fraud actors may intentionally adjust their claims to conform to the model's "preferred" patterns, thereby increasing the probability of the claim being approved or exaggerating the extent of the damage without arousing suspicion.



Fraud Detection

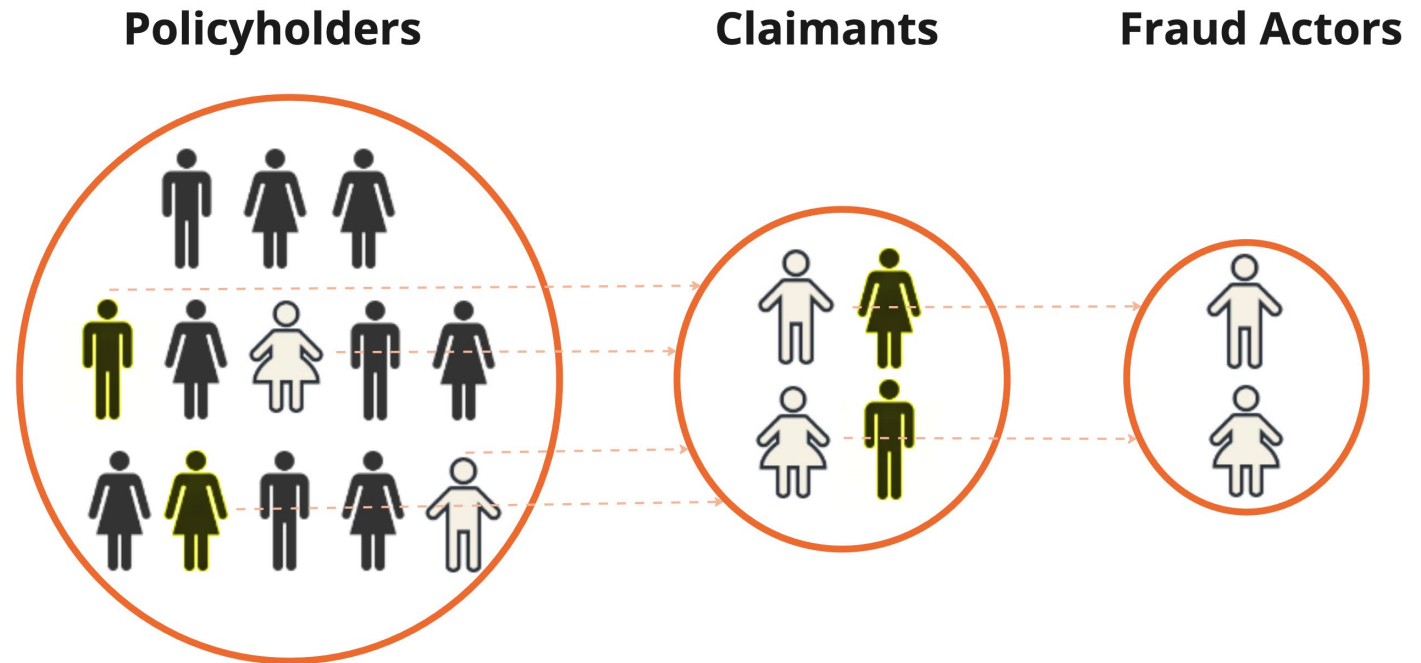
ML algorithms detect patterns indicative of fraud by analyzing claim histories, behavior patterns, and third-party data.



Fraud Detection

Sampling bias

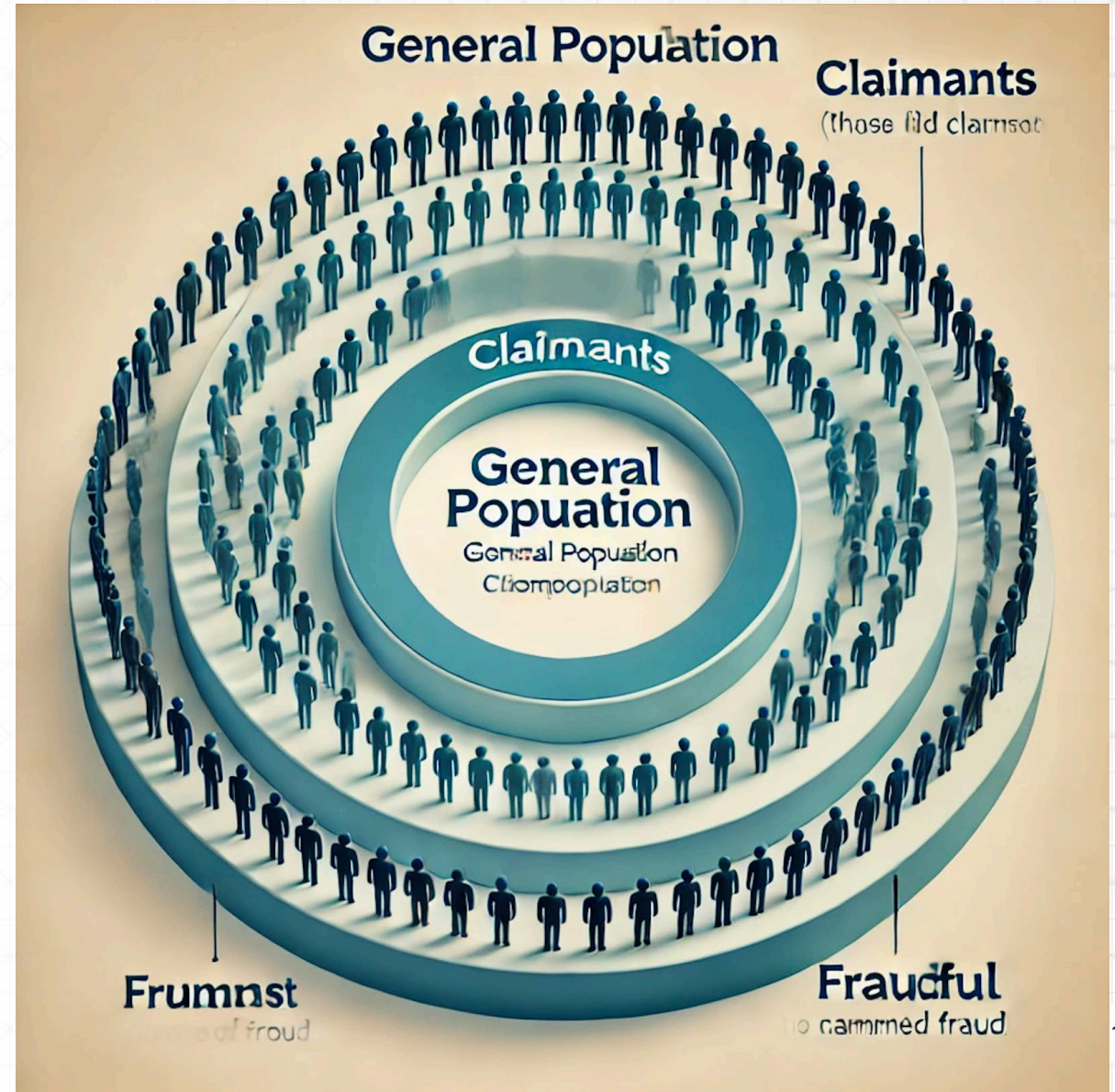
In particular, in fraud detection, if certain regions have fewer samples or a lower proportion of historical fraud, the model may produce excessively high false positive or false negative rates for these groups, resulting in **unfair results**.



Fraud Detection Gen AI Picture

Generated by ChatGPT

We need the **Human-in-the-loop**
(HITL) AI.



6. Discuss its 2025 Proposed Charges

Attachment F

–Commissioner Michael Humphreys (PA)

Draft: 11/14/24

2025 Proposed Charges

BIG DATA AND ARTIFICIAL INTELLIGENCE (H) WORKING GROUP

1. The **Big Data and Artificial Intelligence (H) Working Group** will:
 - A. Research the use of big data and AI (including ML) in the business of insurance. Proactively communicate findings, and present recommendations to the Innovation, Cybersecurity, and Technology (H) Committee.
 - B. Monitor state, federal, and international activities on AI, including working with the Innovation, Cybersecurity, and Technology (H) Committee to: 1) respond to such activities, where appropriate, and 2) address potential impacts on existing state insurance laws or regulations.
 - C. Facilitate discussion to consider updates to the regulatory framework for the oversight of the use of AI by insured entities. Provide recommendations to the Innovation, Cybersecurity, and Technology (H) Committee in response to such activities.
 - a. Monitor and support adoption of the *Model Bulletin on the Use of Artificial Intelligence Systems by Insurers*.
 - b. Monitor and report on state, federal, and international activities related to governmental oversight and regulation of the use of AI in insurance and non-insurance industries.
 - c. Research, identify, and monitor the impacts of the use of AI systems by insurance companies to understand the potential benefits, value propositions, risks and adverse consumer outcomes related to the use of AI systems.
 - D. Facilitate discussion related to AI systems evaluation including:
 - i. Identifying existing tools, resources, materials, and training that will assist and guide regulators in their review of AI Systems used by licensees, including an insurer's AI Program. This includes establishing a coordinated work plan and timeline for further development of those resources.
 - ii. Develop new regulatory tools or regulatory guidance to assist regulators in their review of AI systems used by licensees, including an insurer's AI program.
 - iii. Coordinate the development of review and enforcement tools, resources, guidelines, and training related to AI systems for regulators across the NAIC.
 - E. Facilitate and coordinate foundational and contextual educational content for regulators on topics related to the use of big data and AI techniques, tools and systems in the insurance industry.

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Draft: 11/14/24

2025 Proposed Charges

BIG DATA AND ARTIFICIAL INTELLIGENCE (H) WORKING GROUP

1. The **Big Data and Artificial Intelligence (H) Working Group** will:
 - A. Research the use of big data and AI (including ML) in the business of insurance. Proactively communicate findings, and present recommendations to the Innovation, Cybersecurity, and Technology (H) Committee.
 - B. Monitor state, federal, and international activities on AI, including working with the Innovation, Cybersecurity, and Technology (H) Committee to: 1) respond to such activities, where appropriate, and 2) address potential impacts on existing state insurance laws or regulations.
 - ~~C. Oversee the completion of the work of the Collaboration Forum on Algorithmic Bias, including:
 - a) Monitor and support adoption of the Model Bulletin on the use of Artificial Intelligence Systems by Insurers.
 - b) Explore the creation of an independent synthetic data sets to support testing of predictive models for unfair discrimination, in collaboration with the Center for Insurance Policy and Research, as appropriate.
 - c) Finalize and maintain a glossary/lexicon to guide regulators as they engage in AI and technology related discussions.~~
 - C. Facilitate discussion to consider updates to the regulatory framework for the oversight of the use of AI by insured entities. Provide recommendations to the Innovation, Cybersecurity, and Technology (H) Committee in response to such activities.
 - a. Monitor and support adoption of the Model Bulletin on the Use of Artificial Intelligence Systems by Insurers.
 - b. Monitor and report on state, federal, and international activities related to governmental oversight and regulation of the use of AI in insurance and non-insurance industries.
 - c. Research, identify, and monitor the impacts of the use of AI systems by insurance companies to understand the potential benefits, value propositions, risks and adverse consumer outcomes related to the use of AI systems.
 - D. Facilitate discussion related to AI systems evaluation, including:
 - i. Identifying existing tools, resources, materials, and training that will assist and guide regulators in their review of AI systems used by licensees, including an insurer's AI program. This includes establishing a coordinated work plan and timeline for further development of those resources.
 - ii. Develop new regulatory tools or regulatory guidance to assist regulators in their review of AI systems used by licensees, including an insurer's AI program.
 - iii. Coordinate the development of review and enforcement tools, resources, guidelines, and training related to AI systems for regulators across the NAIC.
 - ~~D. Oversee the work of the Data Call Study Group as they work with the public to improve existing data processes while addressing data needs across insurance lines of business.~~
 - E. Facilitate and coordinate foundational and contextual educational content for regulators on topics related to the use of big data and AI techniques, tools and systems in the insurance industry.

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