

Draft Pending Adoption

Attachment One
Innovation, Cybersecurity, and Technology (H) Committee
3/25/26

Draft: 12/17/25

Innovation, Cybersecurity, and Technology (H) Committee
Hollywood, Florida
December 11, 2025

The Innovation, Cybersecurity, and Technology (H) Committee met in Hollywood, FL, Dec. 11, 2025. The following Committee members participated: Michael Yaworsky, Chair (FL); Angela L. Nelson, Co-Vice Chair (MO); Mark Fowler (AL); Michael Conway represented by Jason Lapham (CO); Doug Ommen (IA); Marie Grant (MD); Mike Chaney represented by Ryan Blakeney (MS); James E. Brown (MT); Jon Godfread represented by John Arnold and Colton Schulz (ND); Judith L. French (OH); Mike Humphreys represented by Diana Sherman (PA); and Elizabeth Kelleher Dwyer (RI). Also participating were: Lori Dreaver Munn (AZ); Sandra Darby (ME); Christian Citarella (NH); Cassie Brown (TX); Scott A. White and Michael Peterson (VA); and Rosemary Raszka (VT).

1. Adopted its Nov. 17 and Summer National Meeting Minutes

The Committee conducted an e-vote that concluded Nov. 19 to adopt its 2026 proposed charges.

Director Nelson made a motion, seconded by Commissioner Fowler, to adopt the Committee's Nov. 17 (Attachment One) and Aug. 13 minutes (*see NAIC Proceedings – Summer 2025, Innovation, Cybersecurity, and Technology (H) Committee*). The motion passed unanimously.

2. Adopted the Reports of its Working Groups and Subgroup

A. Big Data and Artificial Intelligence (H) Working Group

Commissioner Ommen stated that the Working Group met Nov. 19 and requested additional redline feedback on the *Artificial Intelligence (AI) Systems Evaluation Tool* by Dec. 2. He said the Working Group received comments from interested regulators and parties. These comments were summarized into a comparison chart for discussion. Commissioner Ommen stated that during its meeting at the Fall National Meeting, the Working Group discussed the detailed feedback received on the background, intent, and scope of the *AI Systems Evaluation Tool*. The Working Group also discussed comments from interested parties concerning Exhibit A, with the goal of finalizing the edits for the next version of the Tool.

The Working Group's agenda also planned for discussion of edits and comments on Exhibit B, Exhibit C, and Exhibit D of the tool. However, due to the robust discussion, the Working Group was unable to discuss those exhibits during the meeting.

Edits discussed during the meeting ranged from minor refinements to the specific wording and phrasings to more substantial and conceptual feedback and concerns, including how the Tool would be administered in the context of a market conduct or financial condition examination, the confidentiality protections, and whether and how the Tool would be coordinated with a lead regulator. The Working Group also discussed whether the Tool should only be focused on high-risk AI models with direct impact, how to assess and measure the extent of the usage of AI System models by an insurer, whether to include all insurer operations in scope, and whether to include certain types of AI model algorithms.

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The Working Group also discussed the pilot process for the Tool and heard comments suggesting that the Working Group develop a pilot planning document that would describe the pilot's parameters.

After evaluating the discussion during this meeting and incorporating the edits, Commissioner Ommen stated that he expects that a third draft of the Tool, along with a comment chart with the issues the Working Group was unable to discuss, may be taken up at an additional interim Working Group meeting. Working Group members suggested that the Working Group could discuss Exhibit B, Exhibit C, and Exhibit D at an interim meeting.

Once the Working Group has completed the revisions, it is expected that the Tool will be piloted by a few state departments of insurance (DOIs) in 2026 to gather feedback on their experiences administering the Tool. During this time, the Working Group will continue to coordinate with the Market Regulation and Consumer Affairs (D) Committee and Financial Condition (E) Committee, as well as other working groups and task forces. At the conclusion of the pilot period, the Working Group will revise the Tool based on the experience gained from the pilot process and may re-expose it. At that point, the Working Group may revisit its discussion on next steps.

B. Cybersecurity (H) Working Group

Peterson next gave an update on the Cybersecurity (H) Working Group's activities. He stated that the Working Group has convened on several occasions since the Summer National Meeting.

Peterson reported that the Working Group met at the Fall National Meeting, where it heard comments on the *Cybersecurity Event Notification Portal* project intake form. The Working Group's work centered on achieving convergence in the implementation and operation of the *Insurance Data Security Model Law (Model #668)*, aiming to reduce marginal compliance costs for insurers and streamline regulatory processes. The portal project proposal was posted for comment before the meeting, and the Working Group addressed feedback received during this meeting.

Peterson also provided the Committee with a summary of the portal proposal, which would provide a single, unified platform for receiving and managing notifications. Once the Working Group adopts its proposal, it anticipates seeking approval from the Committee and later presenting the proposal to the Executive (EX) Committee. Yaworsky stated that the project will result in a platform that will add value to the work of the regulators.

The Working Group also met Sept. 30 in regulator-to-regulator session, pursuant to paragraph 4 (internal or administrative matters of the NAIC or any NAIC member) of the NAIC Policy on Open Meetings, to receive an update on the Working Group's ongoing work to discuss the development of the Cybersecurity Event Notification Portal.

Additionally, the Working Group met Sept. 25 and took the following action: 1) discussed and received comments on the insurance data security model (IDSM) compliance guide, which was designed to help state DOIs enforce compliance with Model #668 more effectively, and the Chief Financial Regulator Forum referral response; and 2) adopted the compliance guide.

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C. Data Call Study Group

Schulz provided an update on the Data Call Study Group's ongoing activities. He stated that the Study Group continued its work to create an inventory of data elements collected by the NAIC and regulators, along with their definitions. The Study Group shifted its focus from statutory financial statement data to market data and data element definitions. NAIC staff finalized lists of data elements and definitions for the homeowners data call and Market Conduct Annual Statement (MCAS) datasets, and edited and validated an initial data scrape of NAIC statistical data available to regulators.

The Study Group chair monitored activities and met periodically with lead regulators of various market data efforts. The Study Group aimed to finalize a master list of market data elements and definitions, supplementing it with elements from recent state-specific data calls. Once complete, the Study Group plans to meet in regulator-to-regulator session to compare existing data elements to regulator needs and identify gaps.

After gap identification, industry representatives from key insurers and trade associations would be invited to review the regulators' list of data element gaps and provide comments. The Study Group would then finalize its list of needed data elements and definitions, moving toward operationalizing data collection. The overarching goal was to reduce the number of ad hoc data call requests by different states, promote consistency, and improve the quality and timeliness of regulatory data.

D. Third-Party Data and Models (H) Working Group

Lapham gave an update on the work of the Third-Party Data and Models (H) Working Group. He stated that the Working Group met during the Fall National Meeting. During this meeting, the Working Group adopted minutes from previous meetings and discussed the exposure of a draft third-party data and model regulatory framework. The framework, developed by a subgroup of regulators from Colorado, Florida, Iowa, Pennsylvania, and Vermont, was released for a 60-day exposure period ending Feb. 6 to solicit written comments from interested parties.

The draft framework applies to property/casualty (P/C), health, and life insurance, requiring third-party vendors to register with state insurance departments if their data or models are used in insurer functions with direct consumer impact. The framework provided confidentiality and trade secret protections for third parties, similar to those afforded to insurers, and outlined a discretionary filing process for receiving data or models.

The framework's goals are to ensure regulators have timely access to third-party data and models and to confirm that vendors maintain strong governance practices. It covered insurance functions, such as pricing, underwriting, claims, utilization reviews, marketing, and fraud detection. Governance standards for models included documentation of purpose, assumptions, inputs, limitations, performance metrics, and validation processes. For data, standards included accuracy, completeness, timeliness, representativeness, auditability, lineage, and quality controls.

Lapham said the Working Group emphasized that insurers remained fully responsible for compliance with all applicable laws and regulations.

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E. SupTech/GovTech (H) Subgroup

Munn provided an update on the SupTech/GovTech (H) Subgroup's activities. She stated that the Subgroup met Dec. 2 in regulator-to-regulator session, pursuant to paragraph 6 [consultations with NAIC staff] of the NAIC Policy Statement on Open Meetings. During this meeting, NAIC staff presented on Compliance Language Assistance for Regulatory Analysis (Clara), an AI-powered tool designed to assist regulators in reviewing rate and form filings more efficiently. The demonstration highlighted Clara's "human in the loop" approach, showing how the tool flags potential compliance issues while ensuring that regulators retain full decision-making authority.

The session also provided information about the states participating in a pilot program for Clara and offered insight into the tool's development roadmap. The Subgroup expressed interest in evaluating future presentations and educational opportunities for 2026 and invited fellow regulators to suggest topics that would benefit collective understanding and oversight capabilities.

Munn invited regulators to reach out to Subgroup leadership or NAIC staff with suggestions for future topics and emphasized the Subgroup's commitment to ongoing education and technological advancement in regulatory practices.

Director Nelson made a motion, seconded by Director Dwyer, to adopt the reports of the: Big Data and Artificial Intelligence (H) Working Group, including its Nov. 19 and Sept. 29 minutes (Attachment Two); Cybersecurity (H) Working Group, including its Sept. 25 minutes (Attachment Three); Data Call Study Group; Third-Party Data and Models (H) Working Group, including its Oct. 19 and Sept. 26 minutes (Attachment Four); and SupTech/GovTech (H) Working Group. The motion passed unanimously.

3. Adopted the Privacy Protections (H) Working Group Report and Request for NAIC Model Law Extension

Director Dwyer gave an update on the Privacy Protection (H) Working Group's activities. She stated that the Working Group met Dec. 3 in regulator-to-regulator session, pursuant to paragraph 6 (consultations with NAIC staff members related to NAIC technical guidance) of the NAIC Policy Statement on Open Meetings, to discuss next steps for drafting and Article VI. She said that she anticipated releasing revised Article VI, without comment, soon.

The Working Group also met Nov. 7 in open session and heard comments on Article VI, Exceptions to Limits on Disclosures of Nonpublic Personal Information.

Additionally, the Working Group met Sept. 22 in regulator-to-regulator session, pursuant to paragraph 6 (consultations with NAIC staff members related to NAIC technical guidance) of the NAIC Policy Statement on Open Meetings, to discuss next steps for drafting and Article V, Limits on Disclosures of Nonpublic Personal Information, of the *Privacy of Consumer Financial and Health Information Regulation* (#672), which includes, among others, sections on the sale of nonpublic personal information and limits on the disclosure of sensitive personal information. As a result of this meeting, as well as the drafting group's Aug. 1 open session, the Working Group released revised Article V. The revised Article V can be found on the Privacy Protections (H) Working Group's website under the exposures tab. Comments are not being requested on Article V at this time. There will be a public comment period following the next exposure of the complete revised draft of Model #672.

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Director Dwyer stated that, in lieu of meeting at the Fall National Meeting, the drafting group continues to make progress revising Model #672 section by section and will continue to hold open and regulator-only meetings as needed. She said that the drafting group will submit the full revised draft of Model #672 to the full Working Group for consideration and exposure once the section-by-section review is complete.

Director Dwyer made a motion, seconded by Commissioner Ommen, to adopt the Working Group's report and grant the Working Group's request for an extension of time until the 2026 Fall National Meeting to continue drafting the revised Model #672. The motion passed unanimously.

4. Heard a Presentation from Conning on AI in Insurance

Manu Mazumdar (Conning) began by introducing Conning as an insurance asset management company with a long history and a dedicated insurance research group. Mazumdar explained that Conning conducted an annual survey of C-suite executives in the insurance industry to assess the adoption and impact of AI and related technologies.

Mazumdar traced the evolution of AI, noting its roots in the 1940s and its growing influence in the insurance sector. He emphasized that AI is no longer an emerging technology but has become integral to the insurance business value chain, from underwriting and claims to client engagement. The 2025 survey revealed a dramatic shift: 90% of respondents were in some stage of implementing generative AI, with 55% in early or full adoption—a nearly 100% increase year-over-year. Full adoption of large language models surged from 18% to 63% in just one year, and machine learning (ML) and predictive analytics have reached 74% adoption.

Mazumdar detailed how AI adoption varied across business functions. In sales and underwriting, generative AI, large language models, and ML tools have seen widespread adoption, with similar trends in operations and claims. He highlighted that the insurance workforce was evolving, with significant growth in higher-skilled, higher-paid roles, such as data science and actuarial positions, while administrative roles have declined. Mazumdar projected that future workforce skills would need to blend technological fluency, critical thinking, creativity, adaptability, and regulatory proficiency.

He concluded that AI is driving efficiencies, reducing costs, and enabling hyper-personalized customer experiences. However, he stressed the importance of balancing innovation with empathy, governance, and trust, and noted that the human element would remain essential in both developing and utilizing AI systems.

Commissioner Yaworsky asked Mazumdar about the AI winter referenced in the presentation, which took place in the 1980s, and whether there were any lessons to be drawn from that. Commissioner Yaworsky then inquired about where the greatest growth in AI use might occur within insurance operations—whether in underwriting, customer interaction, claims, or back-office functions. Mazumdar replied that growth was occurring across the board. He provided an example of how AI tools were enhancing both operational efficiency and customer interactions, such as enabling staff from various departments to handle customer calls more effectively during catastrophe events by leveraging AI-driven support.

Commissioner Yaworsky asked whether ML continues to play a role in shaping innovation. Mazumdar said that all the technologies will remain relevant, but that he views the discussion as a sort of building block situation, where some AI plays a foundational role and other, more advanced techniques like generative AI would likely play an overarching role.

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Director Nelson remarked that she appreciated the discussion in Mazumdar's presentation about the continued reliance on human involvement. She asked how much of the innovation Conning is observing relates to back-office or more consumer-facing interactions. Mazumdar responded that the P/C industry was primarily focused on operational efficiency, while the life industry was adopting technologies such as wearables. However, he explained that each sector had its own nuanced approach to technology adoption. Mazumdar added that he also expected to see innovation across the board, for instance, in underwriting or other operational areas. He noted an example where, in responding to a natural catastrophe, companies are using AI to help receive information from policyholders and help augment staff capabilities with informational resources to assist in the support being provided.

Having no further discussion, the Innovation, Cybersecurity, and Technology (H) Committee adjourned.

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