

SPECIAL (EX) COMMITTEE ON RACE AND INSURANCE

Special (EX) Committee on Race and Insurance, Aug. 11, 2022, Minutes

Draft Pending Adoption

Draft: 8/25/22

Special (EX) Committee on Race and Insurance
Portland, Oregon
August 11, 2022

The Special (EX) Committee on Race and Insurance met in Portland, OR, Aug. 11, 2022. The following Special Committee members participated: Dean L. Cameron, Co-Chair (ID); Chlora Lindley-Myers, Co-Chair (MO); Andrew N. Mais, Co-Vice Chair (CT); Jon Godfread, Co-Vice Chair (ND); Lori K. Wing-Heier (AK); Mark Fowler (AL); Alan McClain (AR); Peni Itula Sapini Teo (AS); Evan G. Daniels (AZ); Ricardo Lara (CA); Michael Conway (CO); Karima M. Woods (DC); Trinidad Navarro (DE); David Altmaier (FL); Colin M. Hayashida (HI); Doug Ommen (IA); Dana Popish Severinghaus (IL); Vicki Schmidt (KS); Sharon P. Clark (KY); James J. Donelon (LA); Gary D. Anderson (MA); Kathleen A. Birrane (MD); Timothy N. Schott (ME); Anita G. Fox (MI); Grace Arnold (MN); Edward M. Deleon Guerrero (MP); Troy Downing (MT); Mike Causey (NC); Eric Dunning (NE); Marlene Caride (NJ); Barbara D. Richardson (NV); Adrienne A. Harris (NY); Judith L. French (OH); Glen Mulready (OK); Andrew R. Stolfi (OR); Michael Humphreys (PA); Elizabeth Kelleher Dwyer (RI); Michael Wise (SC); Larry D. Deiter (SD); Carter Lawrence (TN); Cassie Brown (TX); Jon Pike (UT); Scott A. White (VA); Tregenza A. Roach (VI); Kevin Gaffney (VT); Mike Kreidler (WA); Nathan Houdek (WI); Allan L. McVey (WV); and Jeff Rude (WY). Also participating was: Philip Barlow (DC).

1. Adopted its Spring National Meeting Minutes

Director Wing-Heier made a motion, seconded by Commissioner Mais, to adopt the Special Committee's April 6 minutes (see *NAIC Proceedings – Spring 2022, Special (EX) Committee on Race and Insurance*). The motion passed unanimously.

2. Received a Status Report on Workstream One

Director Lindley-Myers began by highlighting the continued work being done to identify barriers to access to insurance careers and insurance products and the challenging efforts towards identifying and removing any unfair discrimination.

Commissioner Ommen welcomed Commissioner Woods as the new Workstream One co-chair. He reported that the Workstream has been researching the level of diversity and inclusion within the industry and developing recommendations on action steps state insurance regulators and companies can take.

The Workstream met in May in regulator-to-regulator session to begin discussing draft recommendations that reflect discussions with stakeholders and state insurance regulators over the past two years. The Workstream's focus is on producing recommendations that reflect a broad consensus among its members.

The Workstream also acknowledges and supports the commitment and initiatives by industry to increase diversity, equity, and inclusion (DE&I) in their organizations, and looks forward to continued engagement as it finalizes its recommendations.

The Workstream is planning to meet after the Summer National Meeting to work on completing these recommendations to fulfill its mission of providing some deliverables and action items to be taken.

3. Received a Status Report on Workstream Two

Commissioner Mulready reported that Workstream Two is focused on DE&I within the NAIC and state insurance departments. During the Commissioners' Mid-Year Roundtable, the zone level best practices survey was

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distributed to NAIC members and made available to state insurance regulators through the Member Diversity Leaders Forum. The Forum is facilitated by Evelyn Boswell (NAIC), Director of Diversity, Equity, and Inclusion.

Ms. Boswell reported that the Member Diversity Leaders Forum designed by the recommendations of the Workstream has a mission to create a communication forum for best practices in DE&I in which each state insurance department: 1) has access to education, guidance, and collaboration with stakeholders; 2) can share and learn ideas to incorporate in their organizations; 3) offer feedback for regulatory training coursework that will be provided by the NAIC; and 4) enable the NAIC and its regulated entities to fulfill their missions to the fullest extent.

Ms. Boswell reported that the Member Diversity Leaders Forum meets quarterly where members can share best practices from their insurance departments with the group. The NAIC launched the Member Diversity Leaders SharePoint site in the second quarter, and the member diversity leaders are reviewing DE&I coursework designed for state insurance regulators to be ready to share by the fourth quarter. Member diversity leaders were invited to the N.A.I.C.U. Exchange in February in recognition of Black History Month to model how the NAIC does lunch and learns. Member diversity leaders were invited to come to Kansas City for the NAIC's 2nd DE&I Conference held in June 2022. Twenty-three state insurance regulators and five commissioners attended for a full day of DE&I training.

Ms. Boswell also noted that a member diversity leader is selected each quarter to share accomplishments from their department. In April, Ron Henderson (LA) shared the duties of the Division of Diversity & Opportunity and their assistance to minority groups in obtaining opportunities in the insurance industry, the development of programs that seek to address the needs and concerns of women and minority producers, and the establishment in cooperation with insurance companies of educational and informational services to foster greater awareness and preparation for opportunities available in the insurance industry. He shared how the InVest Program was implemented at Southern University, and every semester, there is a Careers in Insurance Seminar where Commissioner Donelon has been the speaker on several occasions.

Ms. Boswell reported that the District of Columbia's Department of Insurance, Securities, and Banking presented to the Member Diversity Leaders Forum on July 25. Mr. Barlow shared about the District of Columbia Department's Gallaudet University Department of Risk Management & Insurance internship program, the Financial Services Academy, and Mayor Marion S. Barry Summer Youth Employment Program Insurance Cohort. Starting in 2016, there have been a total of nine Gallaudet interns accepted through the program. Each year when Gallaudet interns are brought on, the Department hosts a deaf awareness workshop for staff to learn about realistic attitudes toward and expectations of deaf and hard of hearing people, learn about accommodations for deaf and hard of hearing individuals, and discuss communication strategies and skills for integrating deaf and hard of hearing employees into the workplace. Interns shadow Department staff and develop an insurance-related project that involves research and presentation. The Department will expand the program by offering internships to Gallaudet students through the Financial Services Academy.

Mr. Barlow talked more about the Department's Financial Services Academy, which is a broad program consisting of five programs, including the Summer Youth Employment Program. The Financial Services Academy is a public-private partnership designed as a year-round program for underrepresented students in high school, college, and post-graduate programs to train for careers in the financial services industry. Commissioner Woods added that several staff employed by the Department started through the Mayor Marion S. Barry Summer Youth Employment Program.

Commissioner Woods reported on the Department's efforts looking into the use of certain underwriting factors, such as credit scores, education, and occupation in personal lines. The Department engaged O'Neil Risk Consulting & Algorithmic Auditing (ORCAA) to assist with the Department's review. A public hearing was held on June 29

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followed by a commissioner's request for comment on the proposed areas of review for unintentional bias with a deadline of Aug. 22. The work is ongoing; therefore, the Department, along with ORCAA, is working on a data call to collect information to be analyzed by ORCAA with the results to be presented to the Department for their determination if there is, in fact, unintentional bias.

4. Received a Status Report on Workstream Three

Director Wing-Heier reported that Workstream Three is focused on property/casualty (P/C) issues. Though the Workstream has not met since the Spring National Meeting, the Workstream has decided to focus its time and resources on being actively involved with the work of the Collaboration Forum on Algorithmic Bias. The Workstream believes this work will be critical to meeting a couple of the Special Committee's most important charges: 1) "coordinating with other groups in looking at predictive modeling, price algorithms, and artificial intelligence" (Charge B of the Special Committee); and 2) "researching and analyzing insurance, legal and regulatory approaches to addressing unfair discrimination, disparate treatment, proxy discrimination and disparate impact" (Charge F of the Special Committee).

In leading the Workstream, state insurance regulators have struggled to understand artificial intelligence (AI)/machine learning (ML) and how it has been used to possibly create bias in algorithms. State insurance regulators need the education and expertise to understand these issues before policies can be implemented that protect consumers. The Collaboration Forum will help provide the education and framework needed for the Workstream to look more deeply at issues of unfair discrimination, particularly as it relates to algorithms and AI/ML. The Workstream will take this foundation and use it to look at potential algorithmic bias in marketing, underwriting, rating, and claims processing. The Workstream will look at marketing first as the Special Committee looks at how to evaluate complex models and identify and mitigate bias. To begin that work, the Workstream is planning a session at the NAIC Insurance Summit in September, where a panel of insurance experts and state insurance regulators will discuss the use of marketing and advertising in personal lines insurance and how it relates to access for diverse populations.

5. Received a Status Report on Workstream Four

Commissioner Caride reported that Workstream Four, which focuses on life insurance, held an open meeting on June 10. The Workstream heard a presentation from the Financial Alliance for Racial Equity (FARE). The Workstream will hold another open meeting sometime in September or early October to hear additional presentations focusing on life insurance access and affordability issues in minority communities.

The Workstream hopes to hear more from the agent community, and it is interested in learning more about their experiences and steps they may be taking around the issues of access and affordability in minority communities. The Workstream members would like to hear of other organizations they should be talking to and any success stories or progress being made.

6. Received a Status Report on Workstream Five

Commissioner Arnold provided the report for Workstream Five, which focused on health insurance, and highlighted the Workstream's work to date and plans for the next few months.

The Workstream has held the first two meetings in a series of four meetings it plans to hold this year. The first meeting on June 30 focused on provider network composition and the following questions: 1) what are the most common deficiencies in provider networks for plan enrollees of color; and 2) what can state insurance regulators do to improve that.

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The Workstream heard from two NAIC consumer representatives who discussed cultural competency in provider networks. Their presentations focused on what it means for a network to have sufficient cultural competency, why it matters, common provider network deficiencies, and the implications of not having sufficient cultural competency in a network.

During this meeting, the Workstream also heard from the Colorado Department of Insurance (DOI) on its work through the Colorado Option to improve racial health equity for consumers purchasing health insurance in the individual and small group markets. The presentation addressed three key questions: 1) why did Colorado pursue regulations on culturally responsive provider networks; 2) what information did Colorado consider in the development of its regulations; and 3) what additional state agencies or entities should state insurance regulators partner with to coordinate and develop this work.

The presentation also described how Colorado plans to achieve its goal of improving racial health equity by establishing standardized health benefit plans; designing these plans to improve racial health equity; and requiring these plans to have a provider network that is culturally responsive and, to the extent possible, reflects the diversity of the community that it serves in terms of race, ethnicity, gender identity, and sexual orientation. The presentation discussed next steps Colorado plans to take to assess its progress towards achieving its goal, including: 1) robust data analysis to determine carrier compliance and opportunities for improvements; and 2) exploring existing structures that could be leveraged such as the National Committee for Quality Assurance's (NCQA's) Health Equity Accreditation.

The Workstream's second meeting on July 26 focused on barriers to care with respect to providers and the following questions: 1) what problems do plan enrollees encounter in attempting to access in-network benefits; and 2) what can state insurance regulators do to correct that.

The Workstream heard a presentation from Quest Analytics on emerging ideas and approaches state insurance regulators might consider to close the health equity gap when developing plan network adequacy requirements. Instead of a more traditional approach to determining network adequacy, such as time and distance standards based on population density and county type, the presenter suggested that states might want to look at time and distance standards based on provider characteristic types critical to meet health equity needs. As another way to close the health equity gap, the presenter suggested that state insurance regulators consider requiring plans to demonstrate that the network is not unduly burdensome to consumers in terms of travel time and distance based on provider characteristic types and not provider types, which is the current approach.

The Workstream also heard a presentation from an NAIC consumer representative discussing barriers people of color and other historically underrepresented populations encounter when trying to obtain treatment from network providers, particularly for those who have plans with narrow networks. The American Medical Association (AMA) presented on the work it is doing with respect to provider directories and the associated challenges, including the accuracy of such directories. The AMA also discussed the collaborative work it is doing around the collection, maintenance, and use of race and ethnicity data. Lastly, the AMA talked about issues and challenges associated with the inclusion of race and ethnicity information in provider directories. The Blue Cross and Blue Shield Association (BCBSA) and one of its member plans discussed challenges and efforts to mitigate race-based barriers to insurance. The AMA also discussed ways state insurance regulators can increase access to culturally competent care.

The Workstream's next meeting is Aug. 23. It will focus on barriers to care related to benefit design. Speakers have been asked to discuss in what ways the structure of available benefits sometimes uniquely disadvantages communities of color and what actions state insurance regulators can take to remedy such benefit designs.

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Mila Kofman (DC Health Link) will discuss how the DC Health Link has identified barriers to care for communities of color and how state insurance regulators can promote the use of benefit plan design to reduce such barriers to high-value care. A representative from the American Academy of Actuaries' (Academy's) Health Equity Work Group plans to update the Workstream on its work examining how benefit design features that control access to providers disproportionately disadvantage communities of color and how state insurance regulators can take action.

The Workstream's last meeting focusing on benefit design is Sept. 20. During this meeting, the Workstream will focus on innovations in benefit design and hear from speakers on what new benefits could be added to health plans or modifications made to existing benefits that could improve access to care and health outcomes for communities of color and what state insurance regulators can do to promote them.

Following these meetings, the Workstream plans to hold a series of meetings focusing on effective consumer education and engagement, as well as mechanisms to understand barriers at the community level. The Workstream is currently in the process of finalizing those meeting agendas.

Having no further business, the Special (EX) Committee on Race and Insurance adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/2022 Summer National Meeting/8-RaceIns