10/31/22

**ARTIFICIAL INTELLIGENCE/MACHINE LEARNING (AI/ML)**

**HOME SURVEY**

**FREQUENTLY ASKED QUESTIONS AND ANSWERS**

**PURPOSE AND SCOPE:**

The purpose of this survey is to gain a better understanding of the industry’s use of big data and Artificial Intelligence and Machine Learning (AI/ML), and what governance, risk management, and controls are being put in place in developing, adopting, and managing those activities. The survey also seeks to gather information that may inform the development of guidance or potential regulatory framework that would support the insurance industry’s use of big data and AI/ML in accordance with the aspirations and expectations outlined in the NAIC’s Artificial Intelligence Principles.

**SURVEY—GENERAL QUESTIONS:**

**Which insurers must complete the survey?**

* Any company licensed to write home insurance in one of the ten participating states (Connecticut, Illinois, Iowa, Louisiana, Nevada, North Dakota, Pennsylvania, Rhode Island, Vermont, and Wisconsin) and has at least $50 million in national home insurance premium for 2020 is required to complete the survey.

**Can I file one response for the group?**

* Responses should be provided on an individual company basis.

**If we have no AI/ML and don’t expect to use it, do I have to complete the survey?**

* Once you answer the questions on the Respondent Info Tab and the General Tab, your survey will be complete and you can submit your answers.

**What are the steps I need to take to prepare for survey data submission?**

**Step 1:** Obtain a User ID and Password

You should request your User IDs and role assignments now, so you will be ready when the survey call letter is sent. Here’s what you need to do:

1. Anyone who will be a Primary or Secondary user, should obtain a role, User ID, and password by contacting the NAIC Helpdesk at help@naic.org. Indicate that you will need access to RDC for submission of the AI/ML Survey and identify your NAIC CoCode(s).

* When the NAIC issues you a User ID, your password is set, and you are assigned the appropriate role, you will be able to log into RDC, but unable to access the AI/ML Survey or submit data until: 1) your User ID is associated with a CoCode and 2) the AI/ML Survey Call Letter has been distributed.
* Everyone with an AI/ML Survey RDC role will be limited to only submitting and reviewing validation errors for associated CoCodes. This ensures each company has control over who has access to its data.

2. Assign a Primary user to your CoCode. The company’s Market Conduct Contact, MCAS Contact, or Governmental Relations Contact will need to send an email to naicaimlsurvey@naic.org with the subject line of “AI/ML Survey CoCode Assignment” requesting Primary user assignment to their company CoCode. The email will need to include the User ID of the Primary user.

3. Optional: Assigned Secondary Users. Once the Primary user is assigned, the Primary user will be able to log in to RDC and assign Secondary users, if needed.

**Step 2:** Read the documents on this website to familiarize yourself with the definitions needed to be understood to accurately complete the survey.

**Step 3**: Complete the Survey

1. Read this "FAQ" resource to understand how to complete parts of the survey.
2. Optional: Review the "printable survey" resource.
3. Complete the survey in Excel and send through RDC.

* See "RDC User Guide" resource for assistance.
* See "Validations" resource to assist with any validation errors.

**Are our answers confidential and is data safe?**

* Individual company responses will be kept confidential per the authorizing state’s examination authority.
* Answers will be combined for reporting purposes and will not include model names or company identifiers.
* The NAIC maintains commercially reasonable security protocols consistent with industry standards.  Security protocol documentation is available upon request.  The NAIC undergoes annual external security audits and will provide a copy of any SOC 2 audit report upon request.

**How can I get help?**

* For questions about interpretation of the survey questions, please email naicaimlsurvey@naic.org.
* For questions about the user ID or RDC, please contact the NAIC Help Desk at help@naic.org.

**DEFINITIONS**

**How is \_\_\_\_ defined?**

See HO AI/ML Definitions at this link:

<https://content.naic.org/sites/default/files/inline-files/Definitions%20Home%20Survey%20070522.docx>

* Definitions and/or explanations are provided for AI/ML (for purposes of this survey only), regression/static/pre-2000 models, governance, use descriptions and explanations, levels of AI/ML deployment, levels of decisions influenced by AI/ML, AI/ML model category types, and data elements.
* See the definitions document for a definition of “regression, static, or pre-2000 models.” For questions in the survey about “regression, static, or pre-2000 models,” it is expected the respondent will estimate the number. The models included should be limited to models considered as predictive analytics, machine learning, and AI models that were excluded from the definition of AI/ML for purposes of this survey. The main reason for inclusion of these questions about “regression, static, or pre-2000 models” is to ascertain how many AI/ML models exist that are not the “more advanced” machine learning and AI. For example, rating models are often generalized linear models (GLM) and are excluded from the definition of AI/ML for purposes of this survey. Regulators want to have an estimate of the predictive models excluded from the definition of AI/ML for purposes of the survey.

**DROP DOWN BOXES**

**Can I select multiple answers in the drop-down box? How do I correct a mistake in my selections on a multiple-selection drop-down list?**

* Some of the questions allow only one selection per cell; others ask you to “select all” that apply.
* The Excel file contains drop-down lists that can be lengthy. If you make a mistake on any multiple-selection drop-down list, you must erase your answer in the cell and then start over.

**INSURER OPERATIONS (Rating, Underwriting, Claims, etc.) TABS**

**When identifying “other” uses, which models should I include?**

* Where the survey asks if the company is using AI/ML in “Other” areas outside of those specified, please include consumer-facing as well as non-consumer-facing uses. The respondent may limit this response to the most significant uses within the company.
* Insurer Operations Categories: For purposes of this survey, the insurer operations specified are Rating, Underwriting, Claims, Fraud Detection, Marketing, and Loss Prevention. This survey is primarily focused on consumer facing models and uses; however, the respondent is asked to include other operational uses on the “Other.”
* Use: The “uses” are specified under each “Model” such as “Rating Class Determination” under the Rating “Model”.
* When indicating the level of decision for “other” models, if the level of decision varies for the use of “other” models, respond “other” to this question.

**What if my model does not have a name?**

* If an internal model is unnamed, the respondent should describe the model generally.
* If an internal model has an uninformative name, the respondent should input the name and then briefly describe the model.
* If better information can be provided through a brief description of the model, as opposed to a model name, that is acceptable. However, if a third-party vendor has given its model a specific name, then that name should be provided.

**What if I have more models than the number of rows provided to list them?**

* When listing the names of models for each use, indicate if it was developed internally or by a third-party. If there are not more than the number of rows provided, list the most important models (using your judgment) and then provide the names of the models; no additional information is required on the write-in list.

**How do I include consumer scores in the data elements section?**

* For the “Data Element Type” sections on each insurer operations tab (first question is #100), the data elements are defined in the definitions document. If a consumer or “other” score is used as its own data element, select the “consumer or other type of score” data element as one of the answers on question #100. Question #102 differs in that it is asking if a consumer or other score are inputs into another type of data element. For #102, select each data element that uses the consumer or other score as an input to that data element.
* When considering whether to label a model as “internal,” “external” or “both,” the score data element is often external, unless the insurer developed its own scoring model in-house. The other data elements should be labeled on their own, ignoring that a score might be an input into the model. In other words, do NOT consider consumer score sources when responding about non-score data elements.
* If you have more than five vendors to list, please provide those that are considered the primary sources. If there are “hundreds”, it would be acceptable to list the top 10 and others considered to be primary and then indicate a percentage or number of sources not listed.

**OTHER**

**How long must I retain the records for this data call/survey?**

* Record retention for the survey responses will be based on the participating state’s retention policies.

**Under what authority is this data requested?**

* Please see the examination call letter for additional information regarding the survey.