Fiscal Impact Statement

DATE SUBMITTED:	**JUNE 28, 2018**
NAME OF INITIATIVE:	**ENTERPRISE DATA STRATEGY, GOVERNANCE, AND MANAGEMENT — PHASE I**
REGULATOR/BUSINESS SPONSOR:	**INTERNAL ADMINISTRATION (EX1) SUBCOMMITTEE**
NAIC STAFF SUPPORT:	**JEFF JOHNSTON, MANAGING DIRECTOR, FINANCIAL REGULATORY AFFAIRS**
REQUESTED INITIATIVE START DATE:	**AUGUST 6, 2018**
ANTICIPATED COMPLETION DATE:	**MARCH 31, 2019**
TOTAL REVENUE EXPECTED (2018):	**$0**
(2019):	**$0**
TOTAL EXPENSE REQUESTED (2018):	**$150,750***
(2019):	**$0**
TOTAL CAPITAL REQUESTED (2018):	**$0**
(2019):	**$0**

*Expenses are net of cost share with NIPR.

I.   Executive Summary:

The NAIC recently released *State Ahead*, a three-year strategic plan approved by NAIC members in 2018. The NAIC and NIPR facilitate the submission and collection of a broad range of data, from insurance companies' financial statements and producer licensing records to consumer complaints and other market regulation data. The inventorying, cataloging and classification of this data is an important element of the strategic plan, which will improve the ability to deliver information for regulator-focused analytics and data that will enhance consumer protections.

This fiscal represents the first phase in the initiative to establish coordinated data management processes. The data governance program, once implemented as part of the Enterprise Data Platform and Data Warehouse project outlined in a separate fiscal, will allow NAIC and NIPR to quickly and easily identify all data assets and asset attributes, such as the existence of personally identifiable information (PII) data elements and confidentiality requirements, to unify the handling of data sets through the use of standardized processes, and to ensure

accountability of data oversight and management. The first phase will create the initial version of a data strategy; document data governance policies; and pilot the application of these policies for the Property/Casualty Financial Profile dataset. Future phases will continue to refine the data strategy and data governance policies as they are applied to additional data assets.

Benefits to be gained by investing in this initiative include:

- *Increased understanding and oversight of NAIC/NIPR data assets.* Just as an organization inventories and tracks its physical assets, it is important for the association to inventory, catalogue, classify, and value the data it collects in order to maximize its usage for the benefit of the members.
- *Improved data quality monitoring.* The data governance program will assist NAIC and NIPR data stewards, which are the internal staff responsible for management and oversight of data quality, thereby enabling them to provide users with high-quality data that can be accessed easily and consistently.
- *Increased data security.* The program will incorporate the organization's existing data security policies into standardized processes with data steward oversight. This will enhance compliance with NAIC data security policies, thereby reducing the risk of inappropriately categorizing or unauthorized use of a data asset.
- *Improved efficiencies in data lifecycle.* The establishment of a data strategy and governance program will eliminate the need to define policies and procedures on a project-by-project basis and will standardize these rules across all business units and systems. The initiative will also provide efficiencies for future business intelligence, artificial intelligence, and analytics projects planned as part of *State Ahead*.
- *Increased focus on member needs.* Identifying and documenting NAIC and NIPR data assets and attributes will enhance the ability of the organizations to identify gaps and make recommendations regarding opportunities to improve the existing data, and identify possible new sources of data if determined to be appropriate by the membership.

II.   Key Deliverables:

The key deliverables used to measure the success of this initiative include:

- Inventory and catalogue the applicable data sets and attributes, as well as develop a comprehensive data strategy, to facilitate improved usage of the data by regulators, industry, and consumers.
- Create and implement scalable, well-documented policies for the data management and governance to standardize how data is handled as an asset at the NAIC.
- Identify, engage, and train internal staff to act as data stewards regarding the data governance standards and policies. A separate fiscal for the Enterprise Data Platform and Data Warehouse project will include the costs for training on the new Enterprise Data Catalog tool.
- Apply documented policies to metadata – the set of data that describes and gives information about other data – supporting the Credit Branded Risk section of the Property/Casualty Financial Profile. The metadata will be implemented in the Enterprise Data Catalog tool as part of the Enterprise Data Platform and Data Warehouse project.
- Create a data implementation roadmap that identifies the data sets in priority order.

III.   Financial and Organizational Impact:

This fiscal requests consulting expertise on data governance and data management best practices, with a portion of the engagements to be cost-shared with NIPR. The consulting engagement will provide implementation support to assist in learning the tool; guidance to help establish the data strategy and governance framework, and knowledge transfer so that internal staff can begin developing the data strategy and data governance policies, and implement the governance policies in the tool and apply to the data loaded to the data platform. These consulting costs of $225,000 are requested in 2018. The NAIC's portion of this request totals $150,750; NIPR's cost will be $74,250.

See **Attachment I** for financial impact by month.

Business Area Impacts
A new data strategy, standards, policies, and procedures will be established to govern the lifecycle of the organization's data assets.
- *Human Resources and People Managers* – New skills and roles will be required, staff will need to be trained, and organizational changes may be required to support new data governance processes.
- *Organizational Change Management* – There will need to be a strong change management process in place to ensure successful implementation of the data governance program and successful transition of staff to new processes.
- *Data Stewards* – Internal staff from each business area will be asked to learn best practices from the vendor, document the data sets, and begin data entry into the catalog tool.

IV.   Risk Management Plan:

The NAIC currently uses an Informatica tool for the data de-identification initiative approved in the 2018 budget. Informatica has many modules that support data governance, management, and quality. To avoid purchasing tools that contain unnecessary functionality, the NAIC has purchased only the Enterprise Data Catalog module that will be used to enter the business data glossary for the pilot metadata set. While additional modules may be identified as needed or desired to expand the application of the data governance rules, careful analysis will be done to ensure those tools are necessary.

V.   Security Impact:

The data governance program, once implemented in the Enterprise Data Platform and Data Warehouse project, will allow NAIC and NIPR to more efficiently identify all data assets and asset attributes, such as the existence of PII data elements and confidentiality requirements, and to significantly improve the current handling of data sets by applying standardized processes and oversight of data stewardship.

2018 Budget
Fiscal Impact Statement Project Cost Analysis

Project/Initiative: Enterprise Data Strategy, Governance, & Management Phase I

Business Entity: NAIC

Description	2018 Budget Spread					2018 Total	2019 Budget	2020 Budget
	August	September	October	November	December			
Revenues:								
Total Revenues	-	-	-	-	-	-	-	-
Expenses:								
Data Governance and Management Best Practices consulting	-	60,000	60,000	60,000	45,000	225,000	-	-
NIPR credit for Data Governance and Management Best Practices consulting	-	(19,800)	(19,800)	(19,800)	(14,850)	(74,250)	-	-
Total Expenses	-	40,200	40,200	40,200	30,150	150,750	-	-
Revenues Over (Under) Expenses	-	(40,200)	(40,200)	(40,200)	(30,150)	(150,750)	-	-