

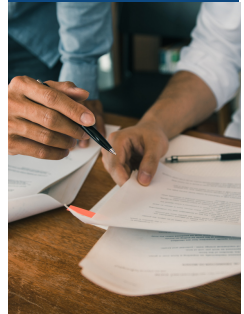
# THE REGULATORY REVIEW

2023 Edition No. 1

An eBulletin dedicated to providing insurance regulatory information to IDMA members

*Welcome to IDMA's Regulatory Review, presented in support of IDMA's commitment to the robust education of the insurance data manager. Information presented here is compiled from discussions of the National Association of Insurance Commissioners (NAIC) and related regulatory actions, activities and discussions.*

*In 2023 the regulatory community will continue its focus on major topics including artificial intelligence, machine learning, data privacy and cybersecurity. Regardless of the topic, the importance of collaboration with colleagues, stakeholders and increased education was a common thread in discussions. It was said during the Fall National NAIC Meeting, "Knowledge isn't good if we don't share it." With that in mind, IDMA shares this with our membership.*



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### Artificial Intelligence (AI)/Machine Learning (ML) Surveys

- NAIC Private Passenger Automobile survey results released and can be found on the NAIC website
- Next steps include added evaluation of usage in the insurance industry, amount of human involvement, insurer data elements and data governance
- 194 companies representing business in 10 states will respond to the first Homeowners survey. Insurance companies writing homeowners insurance in 2020 with premium of more than \$50 million will complete the survey
- 192 companies representing business in 14 states are currently responding to a similar survey for life insurance transactions

### Artificial Intelligence (AI)/Machine Learning (ML) Collaboration Forum

- Forum held in 2022 focused on algorithmic bias defined as the unfair discrimination by insurers during an insurance transaction resulting from bias in AI/ML-driven algorithms and complex predictive models
- A regulatory framework bulletin will be developed to provide guidance for the use of AI/ML. Current outline includes 4 sections:
  - Introduction and legislative authority
  - Definitions
  - Regulatory expectations for use of AI/ML by the insurance industry such as enterprise risk management
  - Regulatory oversight and examination standards
- Bulletin will be principles-based, not prescriptive

### Big Data

- Data Regulatory Questions released for public comment, with the comment period ending February 13, 2023
- Questions provide guidance, not required to be used, for regulators when investigating any model or data used by insurance companies, whether developed internally or obtained from third-parties

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### Catastrophe Insurance

- Latest extension of NFIP expired December 23, 2022
- Short-term extension to September 30, 2023 granted

### Climate and Resiliency

- Results from the new NAIC Climate Risk Disclosure form which is modeled on the international Climate-Related Financial Disclosures (TCFD) have been published and can be found on the California DOI website
- States expressed appreciation and gratitude for the collaboration that takes place between and among states when climate, catastrophic events take place

### Cybersecurity

- The federal Cybersecurity and Infrastructure Security Agency (CISA) published cybersecurity performance goals, which are voluntary cybersecurity practices intended to help entities deemed critical to the infrastructure particularly small and medium-sized organizations

### Model Laws

- Review underway to archive models adopted before 2002, have been adopted by 10 or fewer states or are not associated with state accreditation

### Privacy Protections

- Draft NAIC white paper on Consumer Data Ownership and Use is to be released for public comment, focus is on personal data relative to insurance transactions, providing guidance on data ownership
- Initial draft of a new data privacy model act, the Consumer Privacy Protections Model Act, will be released for comment in late January. The model is intended to update and replace existing privacy model acts and will apply to all lines of business.

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### Privacy Protections Continued

- A white paper will provide additional content on provisions in the model
- Expected completion of the model and the white paper is targeted for Summer 2023

### Race and Insurance

- Work in this area is ongoing, with workstream reorganization of the 5 workstreams effective for 2023
- The Property/Casualty workstream (formerly Workstream Three) is focusing on issues such as:
  - Identifying proxy variables for race
  - Correlation versus causation
  - Proper use of third-party data
  - Disparate impact considerations
  - Consider enhanced data reporting
- The NAIC launched the Member Diversity Leaders Forum SharePoint site in second quarter 2022
- Forum replaces Workstream One which focused on NAIC and state insurance departments
- Member Diversity Leaders reviewing coursework designed for state insurance regulator with a target for completion fourth quarter 2023

### NAIC 2023 Leadership

- President: Missouri Insurance Director Chlora Lindley-Myers
- President-Elect: Connecticut Insurance Commissioner Andrew Mais
- Vice President: North Dakota Commissioner Jon Godfread
- Secretary-Treasurer: Virginia Commissioner of Insurance Scott A. White

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### New Avenues to Insurance Careers (N.A.I.C)

- Foundation established to increase interest and diversity in pursuing insurance careers particularly at the college level
- Internships, both at insurance departments and companies, and scholarships are part of the programs and objectives
- Leadership of the foundation includes 3 NAIC past presidents:
  - Raymond G. Farmer, South Carolina
  - George Nichols, III, Kentucky
  - Dr. Therese M. Vaughan, Iowa

## UPCOMING EVENT

**Ask the Experts: A Guide  
to Becoming Data-Driven**

**February 8th | Live  
Webinar**

**FREE and Open to all!**

**RSVP:**

**[https://events.bizzabo.com/  
becomingdatadriven](https://events.bizzabo.com/becomingdatadriven)**

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*IDMA welcomes your feedback on this communication. Please feel free to send comments to Farouk Yassine, IDMA Executive Director, at [fyassine@idma.org](mailto:fyassine@idma.org) or [team@idma.org](mailto:team@idma.org)*

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