

NAIC Groups Carve Up the Mountain at the Winter Meeting

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After strapping on their skis and riding up the lifts, the NAIC groups reported to their events. The results of the events of note for life insurers are as follows:

- The **Big Data and Artificial Intelligence (H) Working Group** continues its interval Nordic ski race. It completed three intervals of its artificial intelligence (AI) and machine learning (ML) surveys — home insurance, life insurance, and private passenger. For the fourth interval, the working group is moving on to development of the health insurance survey. The group is considering the types of health insurance coverages that would be covered by the upcoming survey, including supplemental and limited benefit coverages. Due to the evolving nature of big data and AI, the working group may repeat earlier intervals by conducting follow-on surveys. Chair Kevin Gaffney stated that the group will also continue tracking state adoption of the NAIC’s model bulletin on the use of AI systems by insurers.
- The newly formed **Third-Party Data and Models (H) Task Force** charged out of the start ramp holding its first public meeting during the NAIC Winter National Meeting. As it continued downhill, the task force issued its proposed 2024 work plan, which will focus on evaluating existing frameworks for regulatory oversight of third-party data and predictive models, including those using AI and discussing the goals for a future regulatory oversight third-party framework.
- As reported in [“Racing Ahead: Privacy, Cybersecurity, and AI Heats for the Life Insurance Industry,”](#) the **Cybersecurity (H) Working Group** finished the first of its combined events with a strong super-G finish by adopting the Cybersecurity Event Response Plan.

- At the finish line, the **Innovation, Cybersecurity, and Technology (H) Committee** cheered on its working groups and task forces, hearing the reports of those that met publicly at the NAIC Winter Meeting, as well as those who have met in regulator-only meetings since the start of the year.
 - The **E-Commerce (H) Working Group** finalized its E-Commerce Modernization Guide and work plan for 2024.
 - The **Technology, Innovation, and InsurTech (H) Working Group** chair will focus on education and will be receiving presentations from various insurtechs.
 - The **Privacy Protections (H) Working Group** had a false start and will be hearing first from subject matter experts and then from interested parties on privacy issues. Once the issues are identified, NAIC legal will create a matrix of the issues and how those issues are addressed by the current privacy models and the draft of Model #674.
Two collaboration forums will be reviewing data collection standardization and the assessing tools for regulators as they work with AI.
- Also applauding its working groups and task forces at the finish line, the **Life Insurance and Annuities (A) Committee** received the following reports of note:
 - The Life Actuarial (A) Task Force reported that the Indexed Universal Life (IUL) Illustration (A) Subgroup members have been reviewing company indexed universal life and other life insurance product illustrations, as well as annuity illustrations, to determine if the illustrations overpromise or understate the downside risks of products. The subgroup is considering whether changes to illustration guidelines are needed, although it has not determined whether these changes are needed in specific areas or if more comprehensive changes are needed.
 - Chair Doug Ommen reported that the Annuity Suitability (A) Working Group plans to discuss updating the FAQ document to add questions on the safe harbor/comparable standards provision in revised Model #275. He stated that Iowa and several states have conducted reviews of insurers' Model #275 policies and procedures and found them comprehensive except for those regarding oversight when insurers rely on the safe harbor. Rhode Island also identified lack of safe harbor oversight as a concern.

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