

Innovation and Technology at the NAIC 2019 Fall Meeting

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Several NAIC groups continued addressing issues related to innovation in the life insurance industry as follows:

- **Privacy Protections Working Group** – is determining whether the NAIC Insurance Information and Privacy Protection Model Act (#670) and the Privacy of Consumer Financial and Health Information Regulation (#672) need to be revised, as a result of the increased use of consumer data, to address any gaps in the current regulatory framework. Initially, the group compared the existing NAIC models against the California Consumer Privacy Act as an example. It also discussed insurers' reliance on third parties and the insurers' responsibility to ensure that third parties comply with applicable laws and use accurate data in their determinations.
- **Accelerated Underwriting Working Group** – is obtaining information on, and is assessing issues that may arise out of, life insurers' use of accelerated underwriting. It will evaluate the issues and determine whether it should draft guidance for the states.
- **Artificial Intelligence Working Group** – is drafting guiding principles for the use of artificial intelligence in insurance for use by the various NAIC groups, state regulators, and the insurance industry. The draft principles, which are based on the OECD Principles on Artificial Intelligence that seek to promote innovation while protecting privacy and transparency and preventing discrimination, are being tailored for the insurance industry.
- **Big Data Working Group** – concluded that regulators have adequate authority under existing insurance laws and regulations to review insurers' use of data and algorithms, including as provided by third-party vendors. It discussed whether third-party vendors should be subject to regulatory authority through FCRA-like regulation or requiring that third-party vendors be licensed as advisory organizations.

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