



's The Regulatory Review

An eBulletin dedicated to providing NAIC regulatory updates to IDMA members

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To: IDMA Members
From: Aimee Siliato, Vice President of Marketing, IDMA
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Introduction

Welcome to another edition of IDMA's Regulatory Review, presented in support of IDMA's ongoing commitment to robust education of the insurance data manager. The information in The Review is derived from NAIC activities and other discussions on current industry challenges and developments.

The regulatory focus on data continues to expand and evolve. Along with that, so must the knowledge base of the data manager. Increasingly it is not only about what is being collected, it is about how data are being used, understanding analytics and tools used in the process, how decisions are made. Innovation and technology have moved to the forefront of NAIC activities. Learn more in this edition of The Review.

Disclaimer

The content presented here is not intended to be all-inclusive so please visit www.naic.org and click on Committees for more information or consult your own company's regulatory/compliance staff. Any opinions or observations expressed here are strictly those of Ms. Siliato's and do not necessarily represent the opinions or observations of any company, member of IDMA or of IDMA leadership. The independent review of this material by you and/or your company should be considered in any use of this material.

Ongoing Comments and Feedback

IDMA welcomes your feedback on this new communication. Please feel free to send comments to Farouk Yassine, IDMA Executive Director, at fyassine@idma.org.

Innovation and Technology Task Force

The National Association of Insurance Commissioners (NAIC) has created an Innovation and Technology Task Force to help regulators stay informed on a variety of topics including new products and services from startups and established industry players. NAIC President and Wisconsin Insurance Commissioner Ted Nickel stated "This is an important step in our efforts to increase our engagement in new and innovative technologies. Insurance regulators have a critical role to play in supporting innovation. This includes working with individuals and companies creating new product offerings and services to meet consumer expectations while ensuring consumers are adequately protected." The Task Force will provide a forum for education, monitor technical developments and foster innovation. The work of the Big Data Working Group will now fall under the umbrella of this Task Force.

Big Data Working Group

An intense, at times heated, discussion took place at the last National Meeting of the NAIC on the impact of big data on the industry. A white paper written by Lawrence Powell of the University of Alabama was presented. The findings of the research showed the usefulness and impact of big data on insurers and consumers alike was positive. Funding for the paper and related research came from an industry trade association. This led to vigorous questioning of the results by a consumer representative and skepticism, at best, from the Working Group. Suggested next steps include possible one-on-one regulator discussions with insurers on operations and public discussions with consumer representatives.

Cybersecurity Working Group

An interesting proposal and presentation was made to the Cybersecurity Working Group by New York Superintendent Maria Vullo. Superintendent Vullo reviewed New York's new Cybersecurity Standards for Financial Companies and suggested that New York's approach become the NAIC model. She highlighted the open process used to develop the rules, as well as their flexibility. Adopting the NY approach would expedite the Working Group's progress on this objective, she stated. The Working Group will take this under advisement.

Work on the NAIC's Model Data Security Law continues, with no overall consensus on the latest draft. While there is some agreement on security requirements, there is disagreement on notification requirements to the consumer.

Data Calls

The number and nature of regulatory data calls has always generated discussion and concerns about expense and quality of data reported. The number of calls continues to increase. Some have quoted over 175 in progress. Key points that are consistently made by industry representatives are the need for efficiency and uniformity to keep costs in check and quality high. A suggestion was made that consideration be given to having data management expertise in the development of calls, possibly through the NAIC Statistical Data Working Group. In addition, the NAIC Statistical Handbook for Data Available to Insurance Regulators contains guidance and suggested formats for data calls specifically designed to introduce uniformity into the data collection process which should be considered in efforts going forward.

Privacy and Security/Global Data Protection

In my view, the importance of the data manager being actively involved in privacy and security aspects of data management is being discussed more widely and more frequently now. At industry forums, such as the NAIC and IDMA's Annual Meeting and Seminar, this aspect of data management is moving to a much more prominent role for the data manager with both domestic and international application.

The Global Data Protection Regulation is an example. This mandate, passed in 2016 and effective May 2018, is intended to protect individual data for Europeans. It applies to companies doing business in Europe and collecting personal data, no matter where they are based. It does therefore have ramifications in the US for companies doing business in Europe. Data professionals need to be actively engaged with and working with legal, privacy and security, IT, and other disciplines to ensure compliance with this regulation. Not only is this important for the client base, the fines for non-compliance are substantial.

Editor's Note: Once again, IDMA welcomes your feedback on this communication. Please feel free to send comments to Farouk Yassine, IDMA Executive Director, at fyassine@idma.org.

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