

**February 9, 2018**

**To:** IDMA Members  
**From:** Aimee Siliato, Vice President of Marketing, IDMA  
**Subject:** *The Regulatory Review* eBulletin – 2018, Edition #1

## ***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.*

*A new year of challenges is underway. We know data and analytics will continue to be critical to the success of our industry, as will work with the regulatory community. 2017 saw completion of major efforts undertaken by NAIC such as the adoption of the NAIC Insurance Data Security Model Law and completion of the NAIC Catastrophe Response Plan. Critical work on topics that will be important in 2018 include predictive analytics, modeling and innovation. Data managers will play a critical role in all of these efforts, bringing fundamental skills, experience and fresh perspectives to the table.*

## ***Disclaimer***

*The content presented here is not intended to be all-inclusive so please visit [www.naic.org](http://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 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).*

**Innovation and Technology Task Force**

The Task Force continues its work to engage in new and innovative technologies and insurance applications. At the December National Meeting of the NAIC, guest speakers included representatives from Next Insurance (small business focus), DropIn, Inc. (claims efficiencies), and Nexas (collision avoidance telematics). The American Insurance Association (AIA) submitted a proposed model law for consideration by the Task Force to permit insurance commissioners to grant targeted variances of the enforcement of certain requirements of insurance law or regulations to help promote insurance innovation.

**Big Data Working Group**

The Working Group is focused on balancing consumer protection along with industry innovation. It is reviewing current data collected by the NAIC and how that data is used by regulators. A survey of state insurance departments will be conducted to identify data elements that may be prohibited in a state for use in underwriting and rating, with initial focus on personal automobile and homeowners. Property/casualty lines will be the initial focus of the Working Group, to be followed by life insurance. Various issues have been raised for consideration by regulators as they seek to develop a framework for regulation of Big Data and its use.

Consumer issues include:

- Privacy standards
- Data ownership rights
- Right to contest data and request corrections

Industry issues include:

- Intellectual property concerns
- Regulatory standards that are barriers to use
- Line-specific issues

Regulator issues include:

- Appropriate access to models
- Oversight of data vendors
- Data variables that should be prohibited

**Cybersecurity Working Group**

The Insurance Data Security Model Law was adopted October 24, 2017. Given the completion of this major goal, the Working Group was disbanded. Any further work on this or related topics will be addressed by its parent committee, the Innovation and Technology Task Force.

**Market Information Systems Task Force**

Discussions are ongoing regarding improvements in data quality and the redesign of the NAIC Market Conduct Annual Statement system. Retention timeframes are being discussed with focus on a rather lengthy retention period of 10 years for this data given the market importance of it. Data analysis metrics produced by the systems include Market Action Tracking (MATS), Market Analysis Review (MARS) and Market Conduct Annual Statement (MCAS). The information facilitates tracking of activity such as complaint resolution, market conduct examinations and missing data submissions.

## **Casualty Actuarial and Statistical Task Force**

The Predictive Modeling Book Club continues to meet for the purpose of learning about various types of models and methods they employ. Current topics include use of Microsoft Excel to perform multiple linear regression analysis.

## **Principle-Based Reserving and Life Insurance Data Collection**

Over 25 companies are reporting data to the NAIC in its role as statistical agent for life insurers with regard to the implementation of principle-based reserving. Systems are in place for data submission, correction, resubmission and aggregation. Data is encrypted at rest and in motion to address confidentiality concerns. The NAIC is working with the Society of Actuaries (SOA) on data aggregation.

## **Catastrophe Response**

The NAIC completed its work on its Catastrophe Response Plan which contains suggested plans of action for states to follow to deal with catastrophic events as well as suggested data collection guidelines to evaluate losses, payments and other data-related activity when catastrophes occur. The NAIC group responsible for this work was disbanded. Any further issues will be taken up by its parent group, the Catastrophe Insurance Working Group.

## **NAIC Leadership**

The NAIC elected its 2018 leadership team:

- **President:** Commissioner Julie Mix McPeak (TN)
- **President-Elect:** Superintendent Eric A. Cioppa (ME)
- **Vice President:** Director Raymond G. Farmer (SC)
- **Secretary-Treasurer:** Commissioner Gordon I. Ito (HI)

*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](mailto:fyassine@idma.org) or [team@idma.org](mailto:team@idma.org).*

*Insurance Data Management Association, Inc. (IDMA)  
545 Washington Blvd., 19<sup>th</sup> Floor, Jersey City, NJ 07310  
Phone: (201) 469-3069  
Fax: (201) 748-1690  
Email: [team@idma.org](mailto:team@idma.org)  
Website: [www.idma.org](http://www.idma.org)*