

**May 30, 2018**

**To:** IDMA Members  
**From:** Aimee Siliato, Vice President of Marketing, IDMA  
**Subject:** *The Regulatory Review* eBulletin – 2018, Edition #2

## ***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 role of insurance and the insurance industry continues to far exceed what was once often simply viewed as an isolated product needed to protect your life, business, car or home. Now insurance is not only a sophisticated financial service it is also part of the fabric of society and a critical method by which many aspects of society can function. It is the intersection of capital, science and policy and plays a key role in financial and societal change. A wide variety of tools and innovations are needed to keep pace with this evolving role. And data underlies it all. The role of the data manager broadens as the role of the industry does. Learn more in this edition of The Regulatory Review.*

## ***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).*

**NAIC Strategic Plan**

At its Spring National Meeting, the NAIC Executive Committee and Plenary ratified adoption of *State Ahead*, the NAIC Strategic Plan for 2018-2020. There are three core themes:

1. Safe, Solvent and Stable Markets
2. Consumer Protection and Education
3. Superior Member Services and Resources

*State Ahead* identifies data, technology and talent as the foundational pillars supporting the three core themes. Data drives and underlies many of the goals and objectives, such as support and improvement of NAIC data collection and analysis. The plan includes new fiscal investment of more than \$8,400,000, over the 2018-2020 base budget of \$210,000, to transform NAIC platform and development practices. Data warehouses, analytics, AI, predictive analytics, advanced cloud capabilities, enterprise data strategy and acquiring new skillsets such as data science are included in areas for investment.

Comments on the Plan include concern that the NAIC is taking on functions of state insurance departments and implementation of the Plan should include a comprehensive review of data that is collected now as well as the need for it and use of it.

The link to the full *State Ahead* plan can be found on the NAIC homepage at [www.naic.org](http://www.naic.org).

**Innovation and Technology Task Force**

The Task Force discussed regulatory sandboxes which, it was pointed out, have only been generally defined thus far. Issues surrounding development and use of sandboxes include:

- Confidentiality and trade secret protections
- Short term use versus long term use
- Multistate use
- Identifiable benefit for consumers

Presentations continue to be made to the Task Force on various aspects of their charges. A presentation from Chubb Insurance stressed the importance of states working to promote regulations to foster uniformity. The American Insurance Association stressed the importance of flexibility, consumer protections, fairness and confidentiality in building sandboxes. States actively focusing on building sandboxes include Arizona, Hawaii, Illinois and Massachusetts.

**Big Data Working Group**

The Working Group again stressed the need for assistance from NAIC staff and the Casualty Actuarial and Statistical Task Force in their objective to develop a strong understanding of big data issues in general and predictive modeling issues in particular. Note the NAIC Strategic Plan includes funding for staffing to support these and related objectives.

**Cybersecurity Working Group**

The NAIC Insurance Data Security Model Law was adopted October 24, 2017. The Model has been introduced in the South Carolina and Rhode Island legislatures.

## **Market Information Systems Task Force**

Discussions are ongoing regarding improvements in data quality and the redesign of the NAIC Market Conduct Annual Statement system. The redesign seeks to leverage the data collection systems built for the collection of life insurance statistical data along with moving systems to the cloud. Improving the user interface and integrating this system with other NAIC data collection is also being addressed.

## **Climate Change**

The American Academy of Actuaries reported on two indexes from the Academy for use in managing climate-related risk. The Actuaries Climate Index has been developed and focuses on what we know about climate such as the frequency and intensity of extremes in key climate indicators including temperature, precipitation, drought, wind and sea level. The Actuaries Climate Risk Index, under development, applies to evaluating risk, both economic and human. It will use factors such as population and infrastructure.

## **Terrorism**

State insurance regulators and the Treasury Department have agreed on a consolidated approach to collecting data related to terrorism risk insurance. The consolidated approach allows companies subject to both the federal and state data calls to submit the same information to Treasury and the states. Insurers must register in advance to use this option.

## **International**

Highlighting the global nature and scope of data management, Europe's General Data Protection Regulation (GDPR) is in effect as of May 25, 2018. Similarly the Personal Information Privacy Act (PIPA) went into effect in December 2017 in Bermuda. It shares many of the stringent requirements and protections with the GDPR. Both define personal information more broadly than it typically is in the US. Both include "any information" about an individual versus general US definitions focused more on name, social security number, government IDs, financial account numbers and PINs.

Both have served to increase focus on the importance of data management, data governance and related functions, as well as increase the importance of accountability, access to data and ownership of data.

***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).*

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