INNOVATION AND TECHNOLOGY (EX) TASK FORCE

The mission of the Innovation and Technology (EX) Task Force is to provide a forum for regulator education and discussion of innovation and technology in the insurance sector, to monitor technology developments that impact the state insurance regulatory framework, and to develop regulatory guidance as appropriate.

Ongoing Support of NAIC Programs, Products or Services

1. The Innovation and Technology (EX) Task Force will:
   A. Provide a forum for discussion of innovation and technology developments in the insurance sector, including the collection and use of data by insurers and regulators and new products, services and distribution platforms, in order to educate state insurance regulators on how these developments impact consumer protection, insurer and producer oversight, marketplace dynamics, and the state insurance regulatory framework.
   B. Develop regulatory guidance, white papers, model laws and/or regulations, or make other recommendations to Executive (EX) Committee as appropriate.
   C. Appoint the Big Data (EX) Working Group to gather information to assist state insurance regulators in obtaining a clear understanding of what data is collected, how it is collected and how it is used by insurers and third parties in the context of marketing, rating, underwriting, and claims. This includes an evaluation of both the potential concerns and benefits for consumers and the ability to ensure data is being used in a manner compliant with state insurance statutes and regulations. The Working Group will also explore opportunities for regulatory use of data to improve the efficiency and effectiveness of insurance regulation.
   D. Appoint the Cybersecurity (EX) Working Group to consider issues concerning cybersecurity as they pertain to the role of state insurance regulators.
   E. Appoint the Speed to Market (EX) Working Group to: 1) serve as the NAIC focal point for modernization of the insurance product filing and review processes; 2) monitor the development and implementation of speed to market efficiencies and the System for Electronic Rate and Form Filing (SERFF); and 3) provide support to the Interstate Insurance Product Regulation Commission (IIPRC) for initiatives that require uniformity and policy changes within the states, where necessary.
   F. Discuss regulatory issues that arise with the development of autonomous vehicles; study and, if necessary, develop recommendations for changes needed to the regulatory framework; consider development of a white paper or model legislation, if necessary.
   G. Discuss emerging issues related to on-demand insurance applications—in addition to potential implications on the regulatory structure—including, but not limited to, cancellations, nonrenewals, coverage issues, notice provisions and policy delivery requirements.
   H. Coordinate with other NAIC committees and task forces, as appropriate on technology and innovation issues.

NAIC Support Staff: Scott Morris/Denise Matthews
2017 Charges

BIG DATA (EX) WORKING GROUP
(Adopted by the Market Regulation and Consumer Affairs (D) Committee on Nov. 3, 2016)

A. Review current regulatory frameworks used to oversee insurers’ use of consumer and non-insurance data. If appropriate, recommend modifications to model laws/regulations regarding marketing, rating, underwriting and claims, regulation of data vendors and brokers, regulatory reporting requirements, and consumer disclosure requirements.

B. Propose a mechanism to provide resources and allow states to share resources to facilitate states’ ability to conduct technical analysis of and data collection related to states’ review of complex models used by insurers for underwriting, rating, and claims. Such mechanism shall respect and in no way limit states’ regulatory authority.

C. Assess data needs and required tools for regulators to appropriately monitor the marketplace and evaluate underwriting, rating, claims, and marketing practices. This assessment shall include gaining a better understanding of currently available data and tools and recommendations for additional data and tools as appropriate. Based upon this assessment, propose a means to collect, house, and analyze needed data.
The mission of the Cybersecurity (EX) Task Force Working Group is to consider issues concerning cybersecurity as they pertain to the role of state insurance regulators.

Ongoing Support of NAIC Programs, Products or Services

1. The Cybersecurity (EX) Task Force will:
   A. Monitor developments in the area of cybersecurity.
   B. Advise report and make recommendations to the Innovation and Technology (EX) Task Force on cybersecurity issues.
   C. Coordinate activities with NAIC standing committees and their task forces and working groups regarding cybersecurity issues.
   D. Review the following models and make recommendations to the Executive (EX) Committee: the NAIC Insurance Information and Privacy Protection Model Act (#670); the Privacy of Consumer Financial and Health Information Regulation (#672); the Standards for Safeguarding Consumer Information Model Regulation (#673); and the Insurance Fraud Prevention Model Act (#680).
   E. Represent the NAIC and communicate with other entities/groups, including the sharing of information as may be appropriate, on cybersecurity issues.
   F. Perform such other tasks as may be assigned by the Innovation and Technology (EX) Committee relating to the area of cybersecurity.
2017 Charges

SPEED TO MARKET (EX) WORKING GROUP

The mission of the Speed to Market (EX) Working Group is to 1) serve as the NAIC focal point for modernization of the insurance product filing and review processes; 2) monitor the development and implementation of speed to market efficiencies and the System for Electronic Rate and Form Filing (SERFF); and 3) provide support to the Interstate Insurance Product Regulation Commission (IIPRC) for initiatives that require uniformity and policy changes within the states, where necessary.

Ongoing Support of NAIC Programs, Products or Services:

1. The Speed to Market (EX) Working Group will:
   A. Provide a forum for discussion and recommendations related to product filing needs, efficiencies and effective consumer protection.
   B. Provide a forum for the review, discussion and recommendation regarding rate and form filing needs as impacted by the federal Affordable Care Act (ACA).
      1. Provide policy support and guidance regarding SERFF enhancements necessary for the states to comply with state law, federal law and/or contractual obligations.
      2. Provide a forum for discussing product filing issues related to the activity of the U.S. Department of Health and Human Services (HHS) and the U.S. Center for Consumer Information and Insurance Oversight (CCIIO).
      3. Provide input and guidance to other NAIC committees related to the ACA.
   C. Provide direction to, receive input from and hear reports concerning the SERFF Advisory Board activity related to SERFF.
   D. Provide direction to the NAIC staff regarding SERFF functionality, development and enhancements.
   E. In collaboration with the National Treatment and Coordination (E) Working Group, evaluate synergies between corporate changes/amendments and rate and form filing review and approval to improve efficiency.
   F. Conduct the following activities as desired by the IIPRC.
      1. Provide support to the IIPRC as the speed to market vehicle for asset-based insurance products, encouraging state participation in, and industry usage of, the IIPRC, as requested.
      2. Receive a report from the IIPRC at each national meeting.
   G. Oversee the work of the Operational Efficiencies (EX) Subgroup.

2. The Operational Efficiencies (EX) Subgroup will:
   A. Oversee the implementation and ongoing maintenance/enhancement of speed to market operational efficiencies that have been adopted. Report the results of this ongoing charge at each national meeting.
   B. Maintain the speed to market assessment tool that includes a nationwide summary and individual state summaries of speed to market compliance; report at each national meeting.
   C. Facilitate proposed changes to the Product Coding Matrices (PCMs) on an annual basis, including the review, approval and notification of changes. Monitor, assist with and report on state implementation of any PCM changes.
   D. Facilitate proposed changes to the Uniform Transmittal Document (UTD) on an annual basis, including the review, approval and notification of changes. Collaborate with the SERFF Advisory Board to ensure incorporation of UTD changes in SERFF.
   E. Use SERFF data to develop, refine, implement, collect and distribute common filing metrics that provide a tool to measure the success of the speed to market modernization efforts, with an emphasis on data that monitors state regulatory and insurer responsibilities for speed to market for insurance products; ensure full and complete communication of any change in filing requirements.
   F. Facilitate the review and revision of the Product Filing Review Handbook, which contains an overview of all of the operational efficiency tools and describes best practices for industry filers and state reviewers with regard to the rate and form filing and review process.
G. Provide oversight in evaluating product filing efficiency issues for state insurance regulators and the industry.
   1. Continue work on the development of uniform rate and form terminology for dispositions, filing objections, filing statuses and deemer provisions designed to further advance speed to market for rate and form filing and review.
   2. Serve as a forum to gather information from the states and the industry regarding common filing issues and develop recommendations for resolution.
   3. Serve as a forum for discussing tools to assist the states in meeting regulatory needs.

NAIC Support Staff: Joy Morrison
The Big Data (EX) Working Group met April 8, 2017. During this meeting, the Working Group:

1. Adopted its 2016 Fall National Meeting minutes.

2. Heard a presentation from Lawrence S. Powell, Ph.D. (University of Alabama) on big data and regulation in the insurance industry. Dr. Powell’s presentation focused on the benefits of insurers’ use of big data, including more accurate pricing, better claims processing and identification of potential fraud, increased availability of insurance and improvement of insurers’ operational efficiency. Dr. Powell said the current regulatory system is well-suited to address insurers’ use of big data.

3. Discussed its draft work plan for 2017, which sets forth the three charges of the Working Group and provides guidance on its planned actions. The work plan will be modified to provide more emphasis on how insurers’ innovations in the use of data are having a positive impact on consumers. The Working Group exposed its work plan for a public comment period ending Friday, April 14. After a review of any comments, the work plan will be modified to provide additional prioritization of tasks and timelines for completion.
The Cybersecurity (EX) Working Group met April 9, 2017. During this meeting, the Working Group:

1. Adopted its 2016 Fall National Meeting minutes.

2. Heard a presentation regarding federal cybersecurity updates. The Financial and Banking Information Infrastructure Committee (FBIIC) has emphasized the importance of incorporating cybersecurity in financial oversight responsibilities. The federal banking regulators have proposed a standards-based, tiered approach to establishing a cybersecurity framework with prescriptive standards, which would apply to insurance savings and loan holding companies and insurers that have been designated as significantly important financial institutions (SIFIs). The National Institute of Standards and Technology (NIST) has issued a draft update to its Cybersecurity Framework, to further develop NIST’s voluntary guidance on reducing cyber risks.

3. Heard a presentation from the New York State Department of Financial Services regarding the implementation and status of their Cybersecurity Requirements for Financial Services Companies. The New York State Department of Financial Services developed the cybersecurity requirements due to current cybersecurity threats to financial institutions, as well as insurers. The cybersecurity requirements emphasis the importance of risk assessment.

4. Received an update from the Insurance Data Security Model Law drafting group. A third version of the Insurance Data Security Model Law was released on Feb. 27 and the Working Group has received comments from interested parties. There appears to be consensus regarding the risk-based security requirements in the current version of the draft model law. The drafting group will continue to hold calls in an effort to reach consensus among interested stakeholders.

5. Heard a presentation from HEMISPHERE Cyber Risk Management and the Association for Cooperative Operations Research and Development (ACORD). ACORD is committed to create a unified approach for cyber-risk to improve data quality. By focusing on data standards for risk controls that are actionable and repeatable, ACORD will address market challenges by investing in assets and solutions to support regulators. HEMISPHERE Cyber Risk Management indicated an insurer’s questionnaires regarding an organizations cybersecurity program vary by carrier and do not align to the current threat landscape.
SPEED TO MARKET (EX) WORKING GROUP
Sunday, April 9, 2017
8:00 – 9:00 a.m.

Meeting Summary Report

The Speed to Market (EX) Working Group met April 9, 2017. During this meeting, the Working Group:

1. Adopted its Jan. 11 minutes, which included the following action:
   a. Adopted its 2016 Summer National Meeting minutes.
   b. Adopted its Sept. 29 and Sept. 26 minutes, which included the following action:
      1. Discussed and adopted its 2017 proposed charges.
   c. Adopted the report of the Operational Efficiencies (EX) Working Group.
   d. Heard an update on System for Electronic Rate and Form Filing (SERFF) implementation projects and activities.
   e. Received an update on 2017 proposed fiscal requests.
   f. Received a report from the SERFF Advisory Board.
   g. Heard a report from the Interstate Insurance Product Regulation Commission (IIPRC).

2. Adopted the report of the Operational Efficiencies (EX) Subgroup, including its and March 7 and Feb. 14 minutes. The Subgroup took the following action:
   a. Discussed turnaround time standards for each business type. The Subgroup decided to leave the turnaround time standard at 40 days for all business types for 2017 and consider revising it in 2018.

3. Received an update on SERFF implementation projects and activity. SERFF is less than 1% behind budget for transaction revenue, and it is expected to receive approximately 618,000 filings in 2017. Evaluation has been completed for a redesign of the SERFF user interface, including prioritization and analysis of features to be improved and design of a new look and feel. The team has begun evaluating and estimating architecture and technical work to begin a rewrite project with the assumption that SERFF will be rewritten as a cloud native system. The updates to SERFF for plan management of plan year 2018 have been made.

4. Received a report from the SERFF Advisory Board. The Advisory Board reported that revenues are close to budget as of Feb. 28. The Advisory Board welcomed three new members: Secretary of Commerce Mark O. Rabauliman (MP); Alex Dolan (Oscar Insurance); and Katie Gurnett (Physicians Mutual Insurance Co).

5. Heard a report from the IIPRC indicating the insurance compact has been adopted by 44 States and Puerto Rico to date, representing 75% of the premium volume nationwide. Connecticut becomes effective for filing in July.