

NAIC INNOVATION AND
TECHNOLOGY TASK
FORCE MEETING

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State Ahead – NAIC’s Strategic Plan, 2018-2020

❖ State Ahead says it the best:

“Our system of regulation must keep pace with a rapidly evolving marketplace fueled by seismic shifts in consumer behavior, huge technological advances, and a dynamic policy and regulatory environment. Our state-based system of insurance regulation has faced change before, but never on the scale we are currently experiencing. This is a watershed moment. We cannot falter. “

...

“From the evolution of the web in the late '90s to where we are today, we can practically do everything on our phones or electronic devices. From purchasing health insurance to filing complaints, there’s a broad spectrum of things occurring, and how we adapt our regulations to meet those changes is, I think, what is the basis of the State Ahead initiative.”

Gordon I. Ito, NAIC Secretary-Treasurer Hawaii Insurance Commissioner

❖ **We agree.**

The Pace of Technology. The Pace of Modern Life. Current Status of 21st Century State Insurance Regulation ...

- ✓ Not all states allow electronic delivery of policyholder notices
- ✓ Not all states permit electronic auto insurance id cards
- ✓ DE and FL leading the way with regulation to permit electronic driver's licenses
- ✓ Insurance policies that are difficult for consumers and businesses to understand
- ✓ Entire cottage industries have sprouted over how to interpret insurance policies
- ✓ Cumbersome and lengthy form and rate approval process that do not allow for innovation
- ✓ 50 different jurisdictions regulating the same transaction– is this necessary?
- ✓ QUERY: Are policyholders really that different from state to state?

The Pace of Technology. The Pace of Modern Life. Insurance Regulation for the 21st Century ...

What State Insurance Regulation Could Be:

- ✓ All states permit electronic delivery of policyholder notices and auto id cards
- ✓ All states recognize that the youngest generation will have no idea what a “wallet” is in 5 years ...
- ✓ All information is (or should be) available electronically
- ✓ Distributed ledger/blockchain (or other secure) technology in use
- ✓ Streamlined rate and form filing process
- ✓ Regulatory sandboxes to allow space for innovation to grow and develop
- ✓ Recognition that the majority of issues do not need individual (different) regulation in each state
- ✓ Mutual recognition between state regulators
- ✓ Trust in publicly available information (i.e., big data) to underwrite
 - ✓ Cuts down on potential for fraud
 - ✓ Streamlines the underwriting and claims process – good for consumers

“You can't solve a problem on the same level that it was created. You have to rise above it to the next level.”

—Albert Einstein

“The enterprise that does not innovate ages and declines. And in a period of rapid change such as the present, the decline will be fast.”

-Peter Drucker

Chubb. Insured.