

Insurance Consumer Affairs Exchange

AI Evaluation Supplement / Market Conduct Modernization / Cybersecurity Response

San Antonio, Texas

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Today's Exchange

Three connected initiatives for modern regulation

01

AI Evaluation Supplement

Practical tool to understand insurer AI use and focus deeper inquiry.

02

Market Conduct Regulation Modernization

Modernization in response to changing markets, business models, and consumer expectations.

03

Cybersecurity Incident Response Framework

Process for multi-jurisdictional coordination after significant cybersecurity events.

AI Evaluation Supplement

From inventory to focused regulatory inquiry

Artificial Intelligence Risk Evaluation Supplement- *What is it?*

Goal:

- To provide value to regulators as an efficient, standardized supplement to aid review in an analysis, investigation, examination, or any other regulator inquiry.

Usage:

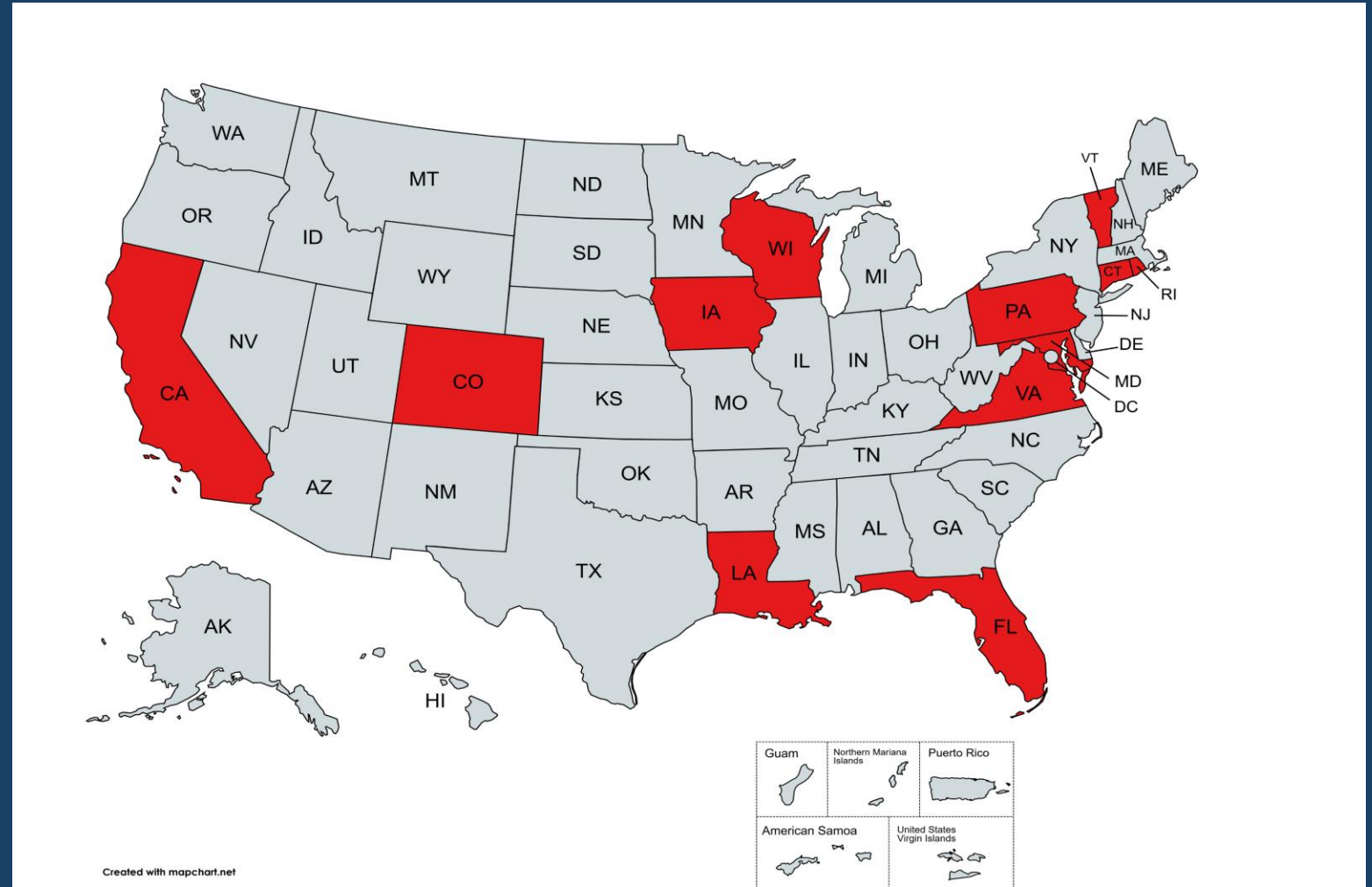
- This Supplement and each exhibit is optional, offered to help regulators assess risk as they see fit.
- Regulators may tailor the questions as needed.

Four Exhibit questionnaires:

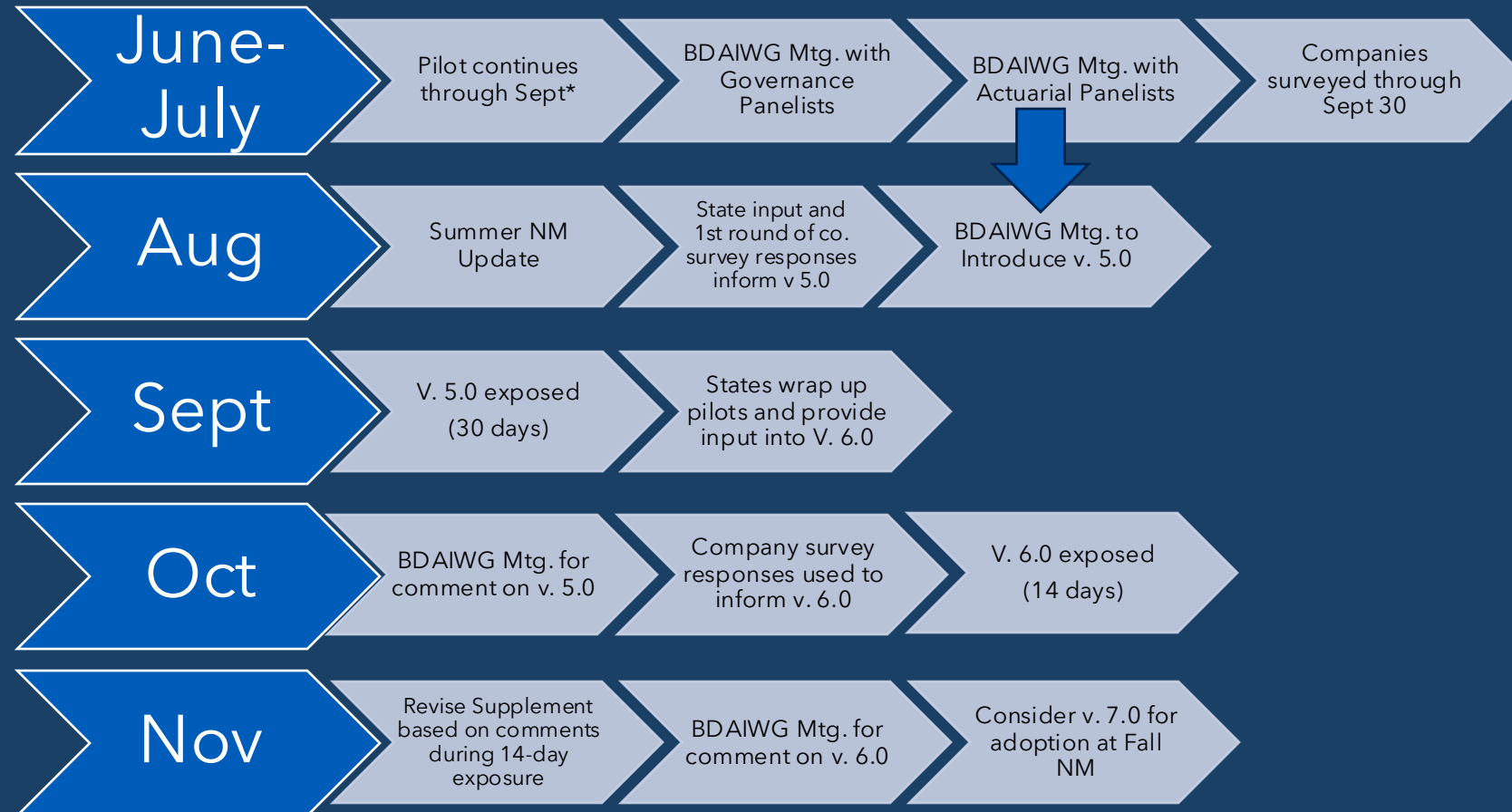
- Exhibit A: Quantify Regulated Entity's Use of AI Systems (AIS)
- Exhibit B: AIS Program (Narrative or Checklist)
- Exhibit C: High-Risk AI Models
- Exhibit D: AI Model Data

Pilot Participation States

1. California
2. Colorado
3. Connecticut
4. Florida
5. Iowa
6. Louisiana
7. Maryland
8. Pennsylvania
9. Rhode Island
10. Vermont
11. Virginia
12. Wisconsin



AI Risk Evaluation Supplement Pilot–Timeline



*Timing for each state's pilot will vary and every pilot may not be completed by 9/30/26. Information gleaned from the pilot experience will inform the Supplement drafts through adoption and future iterations.

AI Risk Evaluation Supplement Pilot– Summary of Changes from v4.0 to v5.0

- Clarification of Definitions
 - Materiality
 - Direct Consumer Impact
 - Risk Assessment
 - AI System, AI Model, AI Program
- Enhanced Exhibit A to gather better information
- Several technical edits to refine information requests

Market Conduct Regulation Modernization

Aligning data, tools, processes



The Market Conduct Regulation Modernization (D) Working Group

Charge 1: Assess the Framework

Assess, with regulator input and interested stakeholders, the current state and the need for changes in response to changing markets, business models, and consumer expectations.

Charge 2: Recommend Modernization

Provide recommendations for consideration by the Committee at the NAIC Fall National Meeting.

2026 Roadmap

Apr 22-30

NAIC Data &
Tools

Jul 21 - Aug 4

Interstate
Collaboration &
Handbook Review

Sept 15

Training &
Workforce
Development

November

Public Distribution of
Draft Recommendations

May 11 - Jul 7

Industry & Consumer
Listening Sessions

Aug 13

Third-Party
Oversight &
Financial Data

Sept - Oct

Deeper-Dive
Discussions

Fall Natl. Mtg.

Working Group
& Committee
Adoption



Completed / in progress



Upcoming

FEEDBACK

Voice of Regulators: Data, Analytics, and Coordination

April 22 and April 30: Regulators shared perspectives on MCAS, NAIC market information systems, and analytical tools – identifying where today's processes work well and where improvements may be made.

**Enhance MCAS Validations
Pro**

Rebalance the Filing Cadence

Replace Workarounds

Refine MCAS Data Scope

**Market Conduct &
Financial Data**

Regular Cross-State Forums

FEEDBACK

Voice of Industry: Consistency, Data, and Transparency

April through July: Three Listening sessions with property/casualty, health, life/Insurtech/specialty lines.

**Standardize Data &
Definitions**

**Risk-Based, Handbook-
Driven Exams**

**Greater Regulator
Transparency**

**“One-Ask” Interstate
Collaboration**

Proportionate Enforcement

**Practical Third-Party
Oversight**

FEEDBACK

Voice of Consumers: Faster, More Public, More Accountable

July 7: NAIC consumer liaison representatives shared perspectives during the Working Group's fourth listening session.

Modern Data Infrastructure

Public Metrics on Companies

**National Exam Findings
Portal**

Oversight of AI & Telematics

**More Transparent Claims
Review**

**Structural, Not Just
Incremental Review**

Six Common Threads Emerged Across Conversations

Consistently raised by regulators, industry, and consumer advocates

**Data Quality &
Consistency of Definitions**

**Enhanced Analytics &
Modern Tools**

**Integrated Analysis with
Financial Data**

**Communication &
Transparency of
Expectations**

Examination Consistency

**Balance of Confidentiality
& Public Access to Data**

Beyond 2026: Design, Prioritization & Implementation



Cybersecurity Incident Response Framework

Draft coordination for significant multi-state events

Why a coordination framework is needed

The gap

States have legal and examination authorities and existing incident-response resources, but significant events can create parallel inquiries and duplicative requests.

The proposal

Establish a structured process centered on a Coordinating Lead State, with support from the Cybersecurity (H) Working Group.

The intended outcome

Improve information gathering, reduce duplication, support consistent regulator communications, and preserve state authority and event-specific flexibility.

This remains a draft design subject to regulator and stakeholder discussion.

Framework structure

**Purpose, scope
and use**

**Evaluation and
response process**

**Coordinating lead
state selection**

**Lead state
responsibilities**

**Process
flowchart**

**Relationship to
other NAIC work**

Related work includes the Cybersecurity (H) Working Group's adopted Cybersecurity Event Response Plan and the NAIC Cybersecurity Event Notification Portal.

Thank You

