INNOVATION AND TECHNOLOGY (EX) TASK FORCE
Tuesday, August 8, 2017
10:30 a.m. – 12:00 p.m.
Philadelphia Marriott Downtown—Grand Ballroom GH—Level 5

ROLL CALL

Patrick M. McPharlin, Chair
Laura Cali Robison, Vice Chair
Jim L. Ridling
Lori K. Wing-Heier
Peter Fuimaono
Dave Jones
Marguerite Salazar
Katharine L. Wade
Stephen C. Taylor
David Altsmaier
Gordon I. Ito
Dean L. Cameron
Doug Ommen
Ken Selzer
James J. Donelon
Eric A. Cioppa
Gary Anderson
Michigan
Oregon
Alabama
Alaska
American Samoa
California
Colorado
Connecticut
District of Columbia
Florida
Hawaii
Idaho
Iowa
Kansas
Louisiana
Maine
Massachusetts
Mike Chaney
Mike Chaney
Matthew Rosendale
Bruce R. Ramge
Barbara D. Richardson
Roger A. Sevigny
Richard J. Badolato
John G. Franchini
Jon Godfread
Jillian Froment
John D. Doak
Elizabeth Kelleher Dwyer
Raymond G. Farmer
Larry Deiter
Julie Mix McPeak
TBD
Mississippi
Missouri
Montana
Nebraska
Nevada
New Hampshire
New Jersey
New Mexico
North Dakota
Ohio
Oklahoma
Rhode Island
South Carolina
South Dakota
Tennessee
Texas
Utah

AGENDA

1. Consider Adoption of its May 23 Minutes—Director Patrick M. McPharlin (MI) Attachment One

2. Consider Adoption of its Working Group Reports—Director Patrick M. McPharlin (MI)
   • Big Data (EX) Working Group—Commissioner Laura Cali Robison (OR)
   • Speed to Market (EX) Working Group—Superintendent John G. Franchini (NM)
   • Cybersecurity (EX) Working Group—Director Raymond G. Farmer (SC)

3. Consider Adoption of the Insurance Data Security Model Law (pending adoption by the Cybersecurity (EX) Working Group)—Director Raymond G. Farmer (SC) Attachment Two

4. Hear Presentations from Guest Innovators—Director Patrick M. McPharlin (MI)

5. Discuss Definition of “Microinsurance” and Next Steps for the Task Force—Director Patrick M. McPharlin (MI)

6. Discuss Potential Development of a Framework to Facilitate Innovator and Regulator Dialogue—Commissioner Laura Cali Robison (OR)

7. Discuss Any Other Matters Brought Before the Task Force—Director Patrick M. McPharlin (MI)

8. Adjournment
The Innovation and Technology (EX) Task Force met in Kansas City, MO, May 23, 2017. The following Task Force members participated: Patrick M. McPharlin, Chair (MI); Laura Cali Robison, Vice Chair, represented by TK Keen (OR); Lori K. Wing-Heier represented by Chris Murray (AK); Jim L. Ridling represented by Charles Angell (AL); Dave Jones represented by Lucy Jabourian (CA); Stephen C. Taylor (DC); David Altmaier represented by Warren Mills (FL); Doug Ommen (IA); Ken Selzer represented by LeAnn Crow (KS); James J. Donelon represented by Richard Piazza (LA); Eric A. Cioppa (ME); Chlora Lindley-Myers represented by Angela Nelson (MO); Mike Chaney (MS); Matthew Rosendale represented by Michael A. Kakuk (MT); Jon Godfrey (ND); Bruce R. Ramge (NE); Richard J. Badolato represented by Randall Currier (NJ); Barbara D. Richardson (NV); Jillian Froment (OH); John D. Doak (OK); Elizabeth Kelleher Dwyer (RI); Raymond G. Farmer (SC); Larry Deiter (SD); Julie Mix McPeak represented by Lorrie Brouse (TN); and TBD represented by Rachel Robles (TX). Also participating was: Ted Nickel (WI).

1. **Adopted its Spring National Meeting Minutes**

Commissioner Doak made a motion, seconded by Superintendent Dwyer, to adopt the Task Force’s April 10 minutes (*see NAIC Proceedings – Spring 2017, Innovation and Technology (EX) Task Force*). The motion passed unanimously.

2. **Reviewed its Mission**

Director McPharlin reviewed the mission of the Task Force, which is to provide education to regulators about innovation and technology that is impacting the business of insurance.

3. **Received an Update on Learning Opportunities for State Insurance Regulators**

Andy Beal (NAIC) invited state insurance regulators to attend all of the innovation and technology sessions at the NAIC/NIPR Insurance Summit, and said the NAIC will continue to focus on innovation and provide ongoing educational opportunities for its members. He said there will be two or three sessions on innovation at the Summer National Meeting. He also mentioned that there will be a session with Insurance Thought Leadership (ITL) and Google at the Google complex in California, as well as a program at Stanford University dealing with cybersecurity. The NAIC will share information on these future opportunities within the next two months.

4. **Heard Presentations from InsurTechs**

The Task Force heard a presentation from a panel of three InsurTech firms. The panel was moderated by Wayne Allen (ITL), who encouraged state insurance regulators to anticipate and get out in front of innovation in order to keep up with the rapid changes in insurance innovation and technology. He introduced the panelists: Chris Cheatham (RiskGenius); Donna Peeples (Pypestream Inc.); and Jamie Hale (Ladder). Mr. Allen said ITL has a database of more than 1,100 start-up companies that have designed innovative products for the insurance market. Innovator’s Edge, a product developed by ITL, provides access to those 1,100 companies and the ability to match these InsurTechs with providers.

   a. **RiskGenius**

Mr. Cheatham said RiskGenius does not sell insurance products to consumers. Instead it provides a software solution to insurance companies to help them design and manage their policy forms. He provided a demonstration of the RiskGenius software, showing how it could be adapted for use by state insurance regulators who review insurance policy forms for approval. The software can be set up to look for key clauses in policy forms required by state insurance regulators. Commissioner Doak asked Mr. Cheatham if the software would allow state-specific insurance laws and requirements to be entered into the system. Mr. Cheatham said the system could be loaded with the specific state statutes and would automatically compare form wording to the wording required in state statutes. Commissioner Nickel asked if the system could be used by the NAIC System for Rating and Form Filing (SERFF) and blockchain systems in the future. Mr. Cheatham responded that it could.
Ms. Peeples said today’s consumers expect and desire to do business over their smartphones. Pypestream solves real-world problems in real time. She said Google, Amazon, Facebook and Apple (GAFA) customers want solutions online and in real time. She demonstrated one of the applications Pypestream designed to help consumers after they are involved in an auto accident. She said systems of this type reduce claims-handling time by collecting needed information and photos in real time. They also reduce the cost of transactions over traditional call centers. Commissioner Doak asked if the software could be used after large catastrophic events such as tornadoes and floods. She said the software could work for this kind of purpose. Director Farmer asked if the software could be used for frequently asked regulatory questions. She said it could be adapted for this purpose.

b. Ladder

Mr. Hale and Mike Woody (Fidelity Security Life Insurance Company—FSL) said Ladder has partnered with FSL to develop a simple online method to purchase term life insurance. By providing consumers with the ability to purchase directly from the company, FSL is able to provide the product at an attractive premium. FSL’s target market for this is digitally savvy consumers who prefer to buy products online. The company uses artificial intelligence and connections to multiple databases to underwrite the accounts. Because policy limits and premiums are small, this product reaches a market that traditional life insurance agents have avoided. Superintendent Dwyer asked if larger policies are still subject to medical underwriting. Mr. Hale said they are.

Having no further business, the Innovation and Technology (EX) Task Force adjourned.