

2021 Proposed Charges

SPECIAL (EX) COMMITTEE ON RACE AND INSURANCE

The **Special (EX) Committee on Race and Insurance** will:

- A. Serve as the NAIC's coordinating body on issues related to (i) diversity and inclusion within the insurance sector; (ii) race, diversity, and inclusion in access to the insurance sector and insurance products; and (iii) practices within the insurance sector that ~~potentially~~ disadvantage people of color and/or historically underrepresented groups.
- B. Coordinate with existing groups such as the Big Data and Artificial Intelligence (EX) Working Group and the Casualty Actuarial and Statistical (C) Task Force on work related to people of color and/or historically underrepresented groups. and encourage those groups to continue their work in predictive modeling, price algorithms and artificial intelligence (AI), with a particular focus on how race is impacted.
- C. (Workstream One) Continue research and analysis to develop specific recommendations on action steps that state insurance regulators and companies can take to improve the level of diversity and inclusion in the industry, including:
 1. Seek additional engagement from stakeholders to understand the efficacy of diversity-related programs, how companies measure their progress and what state insurance regulators can do to support these efforts.
 2. Collect input on existing gaps in available industry diversity-related data.
- D. (Workstream Two) In coordination with the Executive (EX) Committee, receive reports on NAIC diversity, equity and inclusion (DE&I) efforts. Serve as the coordinating body for state requests for assistance from the NAIC related to DE&I efforts.
- E. (Workstream Two) Research ~~best~~ practices among state insurance departments on DE&I efforts and develop forums for sharing relevant information among states and with industry.
- F. ~~(Workstream Three and Four) Perform consumer outreach and studies to understand the tools and resources necessary to help raise awareness of the benefits of insurance and its role in economic empowerment and intergenerational wealth.~~
- G. Research and identify opportunities for community partnerships to jointly identify and mitigate underlying loss cost drivers in minority and underrepresented communities.
- E.—
- F.—H. (Workstream Three and Four) Continue research and analysis of insurance, legal and regulatory approaches to addressing: (a) unfair discrimination, specifically proxy discrimination, and disparate impact; (b) correlation; (c) third-party vendor use; (d) and variables, such as criminal history. Based on the research utilize stakeholder engagement to identify a consensus on the current legal and regulatory framework and areas of improvement concerns to be addressed within that framework. Once consensus is reached, establish specific charges, as necessary, to identify potential solutions that match the concerns. Solutions may include developing analytical or regulatory tools or frameworks consistent with state-based regulation. by defining the terms and determining appropriate steps to address, including:
- G.—~~(Workstream Four) The impact of traditional life insurance underwriting on minority populations, considering the relationship between mortality risk and disparate impact.~~
- H.—~~(Workstream Three) Developing analytical and regulatory tools to assist state insurance regulators in determining unfair discrimination including issues related to:~~
- I.—~~The used of socioeconomic variables.~~
- J.—~~Identifying proxy variables for race.~~
- K.—~~Correlation vs. causation.~~
- L.—~~Disparate impact considerations.~~
- M.—~~Use of third party data.~~
- ~~Appropriateness of data such as criminal history.~~
- I. (Workstream (Four) Continue research and analysis on the impact of traditional life insurance underwriting on minority populations, considering the relationship between mortality risk and disparate impact.
- J. ~~(Workstreams Three, Four and Five) Consider enhanced data reporting and record keeping requirements across product lines to identify race and other sociodemographic factors of insureds. Consider a data call research mechanisms to identify resources and products sold loss cost drivers in specific ZIP codes to identify barriers to access benchmark opportunities for consumer outreach or community partnerships.~~
- K. Continue research and analysis related to insurance access and affordability issues, including:
 1. (Workstream Four) The marketing, distribution and access to life insurance products in minority communities, including the role that financial literacy plays.
 2. (Workstream Four) Disparities in the number of cancellations/rescissions among minority policyholders.
 3. (Workstream Five) Measures to advance equity through lowering the cost of health care and promoting access

to care and coverage, with specific focus on measures to remedy impacts on people of color, low income and rural populations, and historically marginalized groups, such as the LGBTQ+ community, individuals with disabilities, and Alaska Native and other Native and Indigenous people.

4. (Workstream Five) Examination of the use of network adequacy and provider directory measures (such as provider diversity, language and cultural competence) to promote equitable access to culturally competent care.
5. (Workstream Five) Conduct additional outreach to educate consumers and collect information on health and health care complaints related to discrimination and inequities in accessing care.
6. (Workstream Three) ~~Steps that can be taken to mitigate~~ Understanding the impact of residual markets, premium financing and nonstandard markets on disadvantaged groups and steps that can be taken to mitigate any identified impacts.
7. Make referrals for the development of consumer education and outreach materials as appropriate.
- L. Direct NAIC and Center for Insurance Policy and Research (CIPR) staff to conduct necessary research and analysis, including:
 - ~~1. (Workstream Three) The status of studies concerning the affordability of auto and homeowner's insurance, including a gap analysis of what has not been studied.~~
 - 2.1. (Workstream Three) The availability of producer licensing exams in foreign languages, steps exam vendors have taken to mitigate cultural bias, and the number and locations of producers by company compared to demographics in the same area.
 - 3.2. (Workstream Five) Aggregation of existing research on health care disparities and collection of insurance responses to the COVID-19 pandemic and its impact across demographic populations.

LIFE INSURANCE AND ANNUITIES (A) COMMITTEE – NEW CHARGES

The **Accelerated Underwriting (A) Working Group**, as part of its ongoing work to consider the use of external data and data analytics in accelerated life underwriting, will include an assessment of and recommendations, as necessary, regarding the impact of accelerated underwriting on minority populations.

HEALTH INSURANCE AND MANAGED CARE (B) COMMITTEE – NEW CHARGES

The **Health Insurance and Managed Care (B) Committee** will:

- A. Respond to inquiries from the U.S. Congress (Congress), the White House and federal agencies; analyze policy implications and the effect on the states of proposed and enacted federal legislation and regulations, **including, where appropriate, an emphasis on equity considerations and the differential impact on underserved populations**; and communicate the NAIC's position through letters and testimony, when requested.

The **Mental Health Parity and Addition Equity Act (MHPAEA) (B) Working Group** of the Regulatory Framework (B) Task Force will develop model educational material for state departments of insurance (DOIs) and research disparities in and interplay between mental health parity and access to culturally competent care for people of color and other underrepresented groups.

The **Health Innovations (B) Working Group** will evaluate mechanisms to resolve disparities through improving access to care, including the efficacy of telehealth as a mechanism for addressing access issues; the use of alternative payment models and value-based payments and their impact on exacerbating or ameliorating disparities and social determinants of health; and programs to improve access to historically underserved communities.

MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE – NEW CHARGES

The **Producer Licensing (D) Task Force** will receive a report from on the availability of producer licensing exams in foreign languages, the steps exam vendors have taken to mitigate cultural bias, and the number and location of producers by company compared to demographics in the area.