

Draft Pending Adoption

Draft: 4/10/23

Special (EX) Committee on Race and Insurance
Louisville, Kentucky
March 23, 2023

The Special (EX) Committee on Race and Insurance met in Louisville, KY, March 23, 2023. The following Special Committee members participated: Chlora Lindley-Myers, Co-Chair (MO); Andrew N. Mais, Co-Chair (CT); Jon Godfread, Co-Vice Chair (ND); Scott A. White, Co-Vice Chair (VA); Lori K. Wing-Heier (AK); Mark Fowler (AL); Alan McClain (AR); Peni Itula Sapini Teo (AS); Michael Conway (CO); Karima M. Woods (DC); Michael Yaworsky (FL); Doug Ommen (IA); Dean L. Cameron (ID); Dana Popish Severinghaus (IL); Amy L. Beard (IN); Sharon P. Clark (KY); James J. Donelon (LA); Gary D. Anderson (MA); Kathleen A. Birrane (MD); Timothy N. Schott (ME); Anita G. Fox (MI); Grace Arnold (MN); Troy Downing (MT); Mike Causey (NC); Eric Dunning (NE); Marlene Caride (NJ); Jennifer Catechis (NM); Scott Kipper (NV); Judith L. French (OH); Glen Mulready (OK); Andrew R. Stolfi (OR); Michael Humphreys (PA); Alexander S. Adams Vega (PR); Elizabeth Kelleher Dwyer (RI); Michael Wise (SC); Larry D. Deiter (SD); Jon Pike (UT); Kevin Gaffney (VT); Mike Kreidler (WA); Nathan Houdek (WI); and Jeff Rude (WY).

1. Adopted its 2022 Fall National Meeting Minutes

Commissioner Godfread made a motion, seconded by Director Cameron, to adopt the Special Committee's Dec. 14, 2022, minutes (*see NAIC Proceedings – Fall 2022, Special (EX) Committee on Race and Insurance*). The motion passed unanimously.

2. Received a Status Report on the Property/Casualty (P/C) Workstream

Commissioner Gaffney reported that the Property/Casualty (P/C) Workstream continues its focus on engaging with the Collaboration Forum activities related to algorithmic bias. The work of the Collaboration Forum is critical as this Workstream looks more deeply at issues related to unfair discrimination. The education and framework within the Collaboration Forum related to algorithmic bias are necessary building blocks in evaluating issues of unfair discrimination.

The Workstream is building on this foundational work by looking at potential bias in marketing, access to insurance, underwriting, rating, and claims handling, including fraud detection. The Workstream is looking at the product life cycle, starting with marketing and access first.

The workstream recently met with several insurers in order to focus on marketing and advertising activities and to learn more about insurers' corporate governance principles and best practices. These discussions help to inform the Workstream's efforts looking at potential algorithmic bias and explore industry best practices. In addition to additional areas of the product life cycle, as previously discussed, the Workstream will likely have continued engagement with the industry in the marketing and advertising area related to the industry's general approach to diversity, equity, and inclusion (DE&I) issues both internally and externally.

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3. Received a Status Report on the Life Workstream

Commissioner Woods reported that the Life Workstream met Nov. 2, 2022, and heard a panel presentation focusing on what agents and advisors are doing to increase diversity in marketing, distribution, and access to life insurance products.

In discussing 2023 plans for this Workstream, Commissioner Woods shared with Director French current DE&I initiatives at the District of Columbia Department of Insurance, Securities, and Banking. A new initiative the Department is launching focuses on providing resources about life insurance, including when to purchase and how to purchase the right policy. The Department is partnering with local organizations, relevant government agencies, and industry on this new initiative. A Webex presentation on the District of Columbia Life Insurance Program is currently being planned for April 13, and a call notice will be distributed following the Spring National Meeting.

Commissioner Woods noted that even as the capabilities and focus of state insurance departments may differ, her hope is to provide helpful information and ideas for state insurance regulators as the Workstream continues to focus on marketing, distribution, and access to life insurance products in minority communities and the role that financial literacy plays.

4. Received a Status Report on the Health Workstream

Commissioner Arnold provided an update on the continuation of the Health Workstream's work from 2022 and outlined what the Workstream plans to do this year.

Last year, the Health Workstream set out on a mission to identify and better understand the barriers to accessing and using health insurance that exist for systematically disadvantaged and historically underrepresented populations. In 2022, the Workstream held seven open meetings on two main focus areas: 1) provider network design and benefit structures; and 2) consumer engagement and education.

Four of the seven meetings focused on plan networks, providers, and benefits and innovative benefit design. From the early meetings, the Workstream learned that historically underserved communities face the greatest challenges in finding high-quality health care, often due to inadequate provider networks. Workstream members heard presentations on how state insurance regulators can require more inclusive networks from their carriers to promote better access to appropriate care and more equitable health outcomes.

Later meetings focused on health carriers' benefit design practices that limit access to care, such as burdensome cost sharing or utilization management protocols placed on high-value health care services or prescription drugs, especially for historically underserved communities. Workstream members heard presentations on the tools that are available to state insurance regulators that can serve to lower such barriers to care.

Commissioner Birrane reported that the other three meetings focused on consumer engagement and education. The Workstream heard presentations and discussions from community-based providers, state based exchange marketplaces, independent navigator programs, and advocates. These presentations covered the deployment of various strategies and techniques to identify and engage certain systematically disadvantaged and historically underserved and underrepresented populations to connect them to coverage. The presentations also addressed the continuity of assistance that certain enrollees require to better use their coverage and to ultimately retain their coverage.

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The objective from the seven sessions was to take the information gathered and lessons learned from each presentation and develop a resource for state insurance regulators that presents potential tools and strategies to address and remove the barriers to accessing and using health insurance for historically disadvantaged populations at the community and micro-community level.

This deliverable is underway. Per the NAIC's strategic goals, the Health Workstream plans to make the information and materials that it captured on removing barriers to health insurance for historically disadvantaged communities available to the NAIC Membership in a SharePoint space similar to what the NAIC has developed for Climate Risk and Resiliency and International Engagement. The thought is that a SharePoint site would be a living resource for state insurance regulators, and content and other tools will continue to be added to the site. This site could also serve as a platform for discussion and conversations related to health equity, among other things. The plan is to launch the site this year, starting with last year's information and grow from there.

In addition to that deliverable, the Workstream is considering its future work plan and the initiatives that may be taken up in 2023.

The Health Workstream will meet in regulator-only session to consider its activities and initiatives for 2023, which may include, among other things: 1) the continuation of its education on benefit design relating to specific areas of focus, such as preventative care and mental health coverage (beyond pure parity); 2) exploring the practical considerations for adjusting one's benchmark plan under the relatively new federal Centers for Medicare & Medicaid Services (CMS) process and guidance from states that have done that; 3) the evolution of 1033 waivers and state activity focusing on and targeting specific issues in innovative ways intended to address health inequity; and 4) working with the Health Insurance and Managed Care (B) Committee and the Big Data and Artificial Intelligence (H) Working Group to look at doing a survey on the use of artificial intelligence (AI) with respect to health insurance.

5. Heard an Update on the Member Diversity Leadership Forum

Evelyn Boswell, NAIC Director of Diversity, Equity & Inclusion, provided an update on the Member Diversity Leadership Forum. The Forum meets quarterly, with a designated leader from each jurisdiction, sharing information and best practices. In addition to the Forum, the NAIC has started DE&I leadership breakfast meetings at national meetings and created DE&I coursework for state insurance regulators. Rodney Hugle, Assistant Director of Financial Standards & Examination, Kentucky Department of Insurance (DOI), provided information regarding the Member Diversity Leadership Forum and sharing DE&I best practices across territories, and he read the positive comments about the regulator coursework. The coursework program, Foundations of Diversity, Equity and Inclusion for Regulators, was piloted in February 2023 and is now available to all state insurance regulators through the NAIC Education and Training Department.

Mr. Hugle reported that as of March 15, 66 state insurance regulators have registered for the Foundations of Diversity, Equity and Inclusion for Regulators course, which currently has a rating of 4.5 out of 5. Mr. Hugle said the Member Diversity Leadership Forum is great for sharing DE&I best practices across states. He talked about the Kentucky DOI's internship program, developed under Commissioner Clark's leadership and in partnership with Kentucky State University, a historically black land-grant university. Other Kentucky executive branch agencies are using the program, which has expanded to include the University of Kentucky and the University of Louisville.

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Commissioner Humphreys shared that the Pennsylvania Insurance Department’s diversity council participated in the NAIC’s Foundations of Diversity, Equity and Inclusion for Regulators and had positive feedback. He now plans to roll it out more broadly across the Department—not mandating it, but creating incentives for the Department’s bureaus with the greatest participation.

Ms. Boswell went on to share next steps. The next Member Diversity Leadership Forum meeting is scheduled for April 24, with Ohio presenting its best practices. On June 8 in Kansas City, MO, is the NAIC’s 3rd Annual DE&I Conference, “Awareness in Action.” The conference is invitation only, and the NAIC will pay for one regulator from each jurisdiction to attend.

Having no further business, the Special (EX) Committee on Race and Insurance adjourned.

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