



AMERICAN ACADEMY of ACTUARIES

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January 12, 2018

Commissioner Elizabeth Kelleher Dwyer
Vice Chair, Big Data (EX) Working Group
National Association of Insurance Commissioners (NAIC).
Via email: kdefrain@naic.org

RE: *State Regulatory Review of Complex Models, Discussion of Regulatory Framework, and Assessment of Regulatory Data Needs* (December 19, 2017)

Dear Commissioner Dwyer,

On behalf of the Big Data Task Force of the American Academy of Actuaries,¹ I would like to offer the following comments on the three documents (*State Regulatory Review of Complex Models, Discussion of Regulatory Framework, and Assessment of Regulatory Data Needs*) that were exposed by the NAIC's Big Data (EX) Working Group on December 19, 2017.

The Academy's Big Data Task Force carefully reviewed the exposures and we believe the Academy can support regulators with their work concerning big data on a number of levels. We believe the incorporation of actuarial principles and techniques is critical in advancing and implementing the frameworks outlined in the current exposures and in the Working Group's efforts more generally. To this end, we suggest specifically adding the following to the Working Group's charges:

“Work with the American Academy of Actuaries to provide information, training, and education to regulators as a continuation of the Working Group's collaboration with the Academy in 2017.”

The Academy's Big Data Task Force is available to discuss some or all of the following, particularly as they relate to processes for reviewing advanced models:

- Identifying risk drivers with data analytics;
- Checklists for regulators to use;
- Strengths and weaknesses of various models that are being used;
- Financial data reconciliation;
- Reasonable timeframes for reviewing models;

¹ The American Academy of Actuaries is a 19,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

- Analysis of quality of responses to regulators' inquiries;
- Data requests; and
- Insurtech and Regtech.

Furthermore, the Academy welcomes the opportunity to collaborate with the Working Group in planning for the NAIC's 2018 Insurance Summit, particularly should there be interest in the development of a day-long big data training session for regulators.

We appreciate your time and attention to our comments. If you have any questions or would like to further discuss this topic, please contact Nikhail Nigam, the Academy's policy analyst for risk management and financial reporting issues, at 202-223-8196 or nigam@actuary.org.

Sincerely,

Bob Beuerlein, MAAA, FSA, FCA, CERA
Chairperson, Big Data Task Force
American Academy of Actuaries