



December 1, 2023

Commissioner Michael Conway  
Colorado Division of Insurance  
1560 Broadway, Suite 850  
Denver, CO 80202

Re: Colorado Insurance Regulation 10-1-1

Dear Commissioner Conway,

On behalf of the Property & Casualty Committee on Equity and Fairness of the American Academy of Actuaries (the committee),<sup>1</sup> I appreciate the opportunity to offer input on [Regulation 10-1-1 Governance and Risk Management Framework Requirements for Life Insurance Carriers' Use of External Consumer Data and Information Sources \(ECDIS\), Algorithms, and Predictive Models](#) as the Division of Insurance (DOI) seeks to develop a similar regulation applicable to private passenger auto insurance.

The committee understands from prior hearings that the commissioner is interested in receiving comments from stakeholders regarding similar regulation on private passenger auto insurance and other property and casualty (P/C) lines of business. It's important to consider that there are many differences in products, practices, laws, and regulations when contemplating similar regulation for P/C lines of business. We include a few key considerations here, including some from our [March 2023 letter](#), and welcome the opportunity to continue providing the actuarial perspective as the DOI develops regulations.

#### **Definition of External Data and Traditional Underwriting Factors**

We noted in our March 2023 letter that the definitions of "External Consumer Data and Information Source" (ECDIS) and "Traditional Underwriting Factors" were drafted to address life insurance practices. As the DOI develops regulation for private passenger automobile insurance and other property and casualty insurance practices, we observe that many data elements used for P/C insurance practices are traditional underwriting factors developed using actuarial standards of practice (ASOPs), especially ASOP No. 12, *Risk Classification*. Such traditional underwriting factors include traffic violations, garaging location, and credit-based insurance scores, which the DOI may want to test. Overlap likely exists between ECDIS and traditional underwriting factors for private passenger automobile insurance, and we encourage the DOI to consider this overlap in its determination of testing requirements.

#### **Rate Filing Process**

As the DOI considers proposed regulation for lines of business that already have an existing regulation regarding rate filing and review, such as private passenger auto and homeowners, we encourage regulatory consistency to avoid any potential conflicts or overlapping requirements. For example, if certain documentation regarding data sources, algorithms, and predictive models have already been

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<sup>1</sup> The American Academy of Actuaries is a 19,500-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.

provided to the DOI via the rate filing process, that information may not need to be captured as part of this process, or vice versa.

As the DOI considers proposed regulations pertaining to private passenger automobile and other P/C lines of business, we encourage consideration of the Academy's issue brief, [\*Approaches to Identify and/or Mitigate Bias in Property and Casualty Insurance\*](#).

We appreciate the opportunity to offer our perspectives. The Academy looks forward to our continued conversations and collaboration on this key issue. If you have any questions or would like to discuss further, please contact Rob Fischer, the Academy's casualty policy analyst, at [fischer@actuary.org](mailto:fischer@actuary.org).

Sincerely,

Susan Kent, MAAA, FCAS  
Chairperson, Property & Casualty Committee on Equity and Fairness  
American Academy of Actuaries