2025 Public Policy Update

CAS Annual Meeting 2025

American Academy of Actuaries

Antitrust Notice

- The Casualty Actuarial Society is committed to adhering strictly to the letter and spirit of the antitrust laws. Seminars conducted under the auspices of the CAS are designed solely to provide a forum for the expression of various points of view on topics described in the programs or agendas for such meetings.
- Under no circumstances shall CAS seminars be used as a means for competing companies or firms to reach any understanding – expressed or implied – that restricts competition or in any way impairs the ability of members to exercise independent business judgment regarding matters affecting competition.
- It is the responsibility of all seminar participants to be aware of antitrust regulations, to prevent any written or verbal discussions that appear to violate these laws, and to adhere in every respect to the CAS antitrust compliance policy.

About the Academy

Mission:
To serve the public and the U.S. actuarial profession

Community:
Serving over 20K MAAAs & public stakeholders for 60 years

Standards:
Setting qualification, practice, and professionalism standards

Impact:
Delivering over 300 insight-driven publications & resources annually

Visit www.actuary.org to learn more.

Speakers

Rich Gibson, MAAA, FCAS, Senior Casualty Fellow, American Academy of Actuaries

Nicole Elliott, MAAA, ACAS, Director/Chief Actuary, P&C Division, Texas Department of Insurance

Rob Fischer, Casualty Policy Project Manager, American Academy of Actuaries

Agenda

- NAIC Updates (Rich)
- Texas Department of Insurance (Nicole)
- Federal Landscape and Academy Engagement (Rob)
- Q&A

NAIC Updates

Rich Gibson, MAAA, FCAS, Senior Casualty Fellow,
American Academy of Actuaries

NAIC Committees Pertinent to Property and Casualty

Property and Casualty Insurance (C) Committee

- Casualty Actuarial and Statistical Task Force (CASTF)
  - Actuarial Opinion Working Group (AOWG)
  - Statistical Data Working Group
- Catastrophe Insurance Working Group
- Homeowners Market Data Call Task Force
- Surplus Lines Task Force
- Title Insurance Working Group
- Workers’ Compensation Working Group

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NAIC Committees Pertinent to Property and Casualty

Innovation, Cybersecurity, and Technology (H) Committee

- Big Data and Artificial Intelligence Working Group
- Cybersecurity Working Group
- Third-Party Data and Models Working Group

Market Regulation and Consumer Affairs (D) Committee

- Antifraud Task Force

Executive (EX) Committee

- Risk-Based Capital Model Governance Task Force

NAIC and Artificial Intelligence (AI)/Advanced Modeling (AM)

CASTF's **Regulatory Review of Predictive Models White Paper**

- Adopted by the NAIC in April 2021
- Subsequently added three separate appendices

NAIC's **Principles on Artificial Intelligence (AI)**

- Adopted in August 2020

Big Data (H) Working Group Activity

AI/Machine Learning Survey Reports

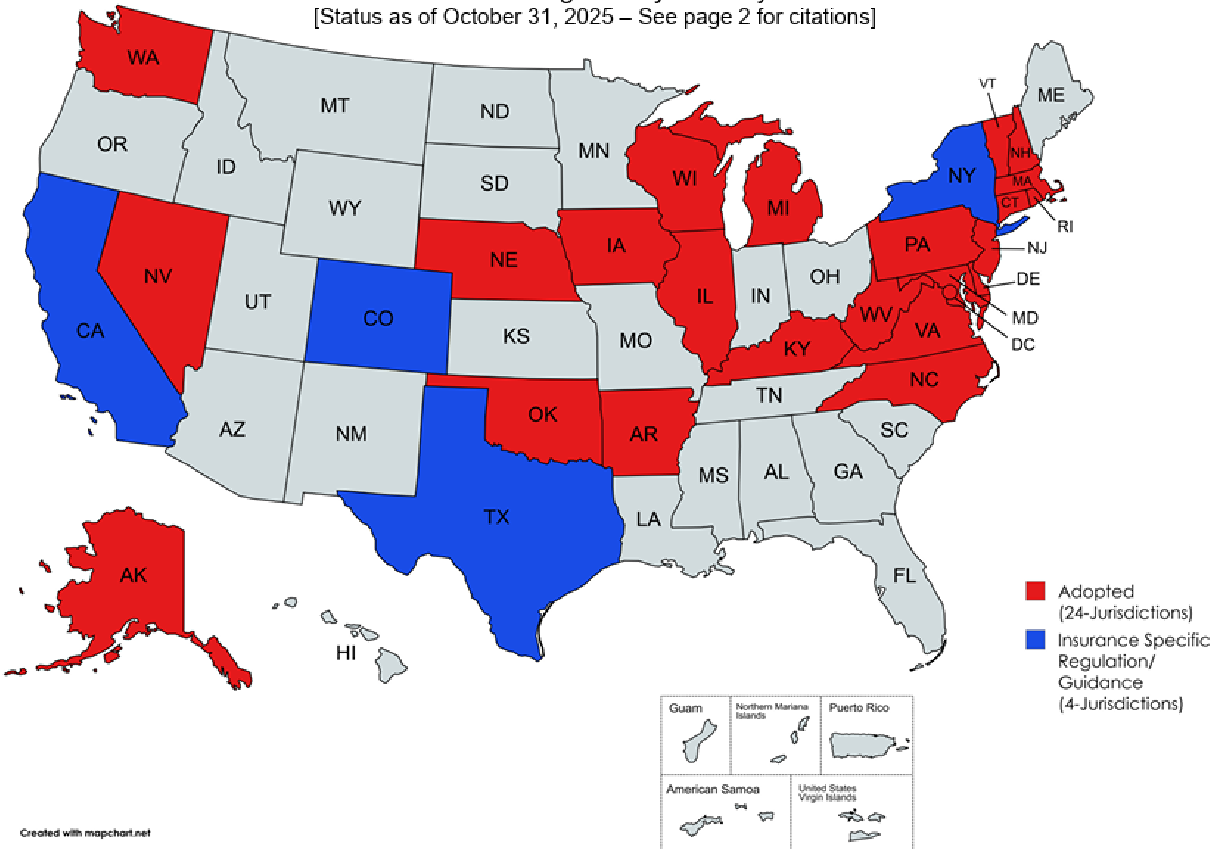
- Surveys were conducted to assess how insurers are using AI
  - Private Passenger, December 2022
  - Homeowners, August 2023
  - Life, December 2023
  - Health, May 2025

Model Bulletin on the Use of AI Systems by Insurers

- Adopted December 2023
- Adopted by 24 states, with another 4 states adopting the language with state-specific modifications

Implementation of NAIC Model Bulletin: Use of Artificial Intelligence Systems by Insurers

[Status as of October 31, 2025 – See page 2 for citations]



https://content.naic.org/sites/default/files/cmte-h-big-data-artificial-intelligence-wg-map-ai-model-bulletin.pdf

Big Data (H) Working Group Activity (con't)

Consideration of an AI Model Law

- Request for Information published May 2025
- Upcoming 4-hour working session at the Fall National NAIC meeting to discuss further

AI Systems Evaluation Tool

- Exposed for comments earlier this year
- Intended to provide a tool for regulators to assess AI systems-related risks

The NAIC and AI/AM

Third-Party Data and Models (H) Working Group

- Develop and propose a framework for the regulatory oversight of third-party data and predictive models
- Work is in early stages

The NAIC and Risk-Based Capital (RBC)

Long-term RBC work is overseen by the Capital Adequacy (E) Task Force

- Standing work groups for health, life, P&C, and investment

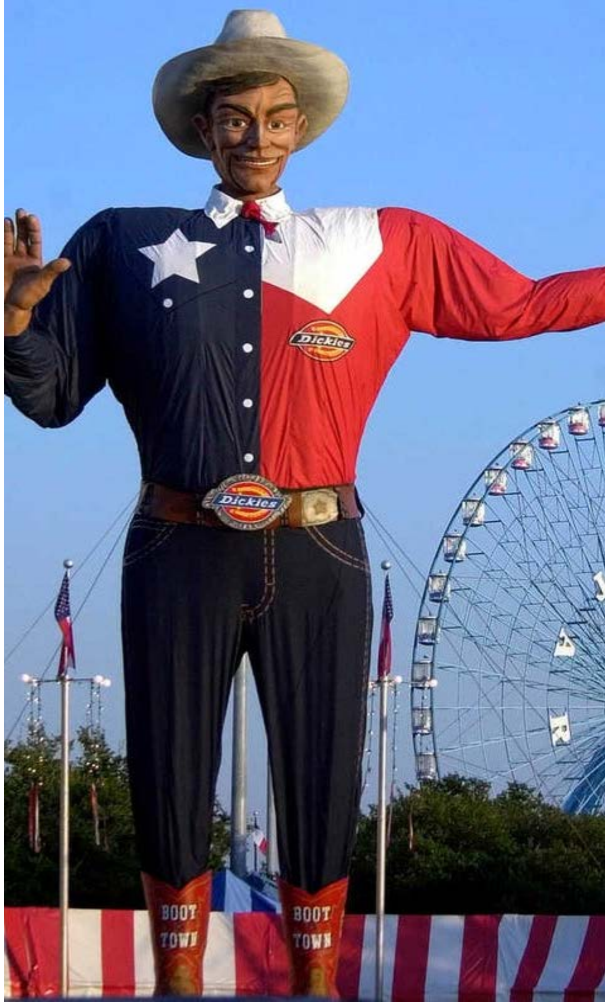
In early 2025, the Executive Committee formed the RBC Model Governance (EX) Task Force

- Included in the Task Force's charges is a directive to develop a set of guiding principles for the RBC framework across health, life, and P&C lines of business
- Work is ongoing

Texas Department of Insurance

Overview with focus on P&C rate filings and legislation

Nicole Elliott, MAAA, ACAS, Director/Chief Actuary, P&C Division



- #2 insurance market in the nation; #5 in the world
- Globally, Texas market is bigger than the market of all but three nations
- 2024: $293 billion in premiums across all lines; more than 2,200 companies; over 983,000 agents
- 5-year growth: 140 new P&C insurers
- P&C: More than 1,600 insurers do P&C business in TX, including over 150 homeowners’ insurers

Actuarial Key Responsibilities

- RATE AND RULE FILING REVIEW
- FINANCIAL EXAMINATIONS
- DATA CALLS & STATISTICAL REPORTING
- NAIC COMMITTEES
- LEGISLATION & RULEMAKING
- ADVISORY ORGANIZATION OVERSIGHT
- RESIDUAL MARKET OVERSIGHT
- MONITOR RATES AND TRENDS

TDI | Rate Filings Reviewed

Fiscal Year	2023	2024	2025
Homeowners	265	285	181
Personal automobile	804	575	536
Commercial automobile	452	353	307
Commercial property	190	161	164
General liability	428	381	287
Multiperil	356	377	353
Workers' compensation	182	192	183
Other	233	194	153
Total	2,910	2,518	2,164

TDI | Texas Filing Laws

- Rates are “file and use.”
- Insurers may use their filed rates on or after the day they file them.
- TDI can disapprove rates under the file and use law but cannot approve them.
- For rates not in effect, TDI must disapprove within 30 days or before the effective date of the rate, whichever is earlier.
- If the rate is in effect, TDI may only disapprove the rate after notice and a hearing.
- Some conditions exist for prior approval.

TDI | Keeping It Weird

- Auto
  - Lack of prior insurance – personal auto; not applicable to county mutuals. Admin. Code §5.401(b)
  - Moving violations – commercial and personal auto; not applicable to county mutuals. Ins Code §1953.051(a)
  - Consumer inquiries and claims not paid or payable – personal auto; applicable to all companies. §1953.051(b)
- Homeowners. Law prohibits a premium consequence for a claim that:
  - results from a loss caused by natural causes,
  - is filed but not paid or payable under the policy, or
  - is a remediated appliance-related claim.

TDI | Legislative Highlights

- House – 150 members; Senate – 31 members; Regular session – 140 days every odd-numbered year
- HB 2067* – insurers must tell consumers why their policy was declined, canceled, or nonrenewed (1/1/26)
- SB 213 – bans mandatory bundling (9/1/25)
- SB 458* – requires appraisal provision for personal auto and residential property (9/1/25)
- SB 1644 – update credit score at least every 3 years (9/1/25)
- SB 1238 – widows must be treated as “married” for rating and underwriting (9/1/25)

*TDI will adopt rules

Federal Landscape and Academy Engagement

Rob Fischer, Casualty Policy Project Manager,
American Academy of Actuaries

Federal Government Shutdown

- Longest government shutdown in U.S. history
- Insecurity over flight delays, military and government employee wages, ACA benefit extensions, home energy assistance and SNAP benefit continuation are putting pressure on negotiations

FEMA and the National Flood Insurance Program (NFIP)

- The NFIP requires reauthorization and is unable to write new policies during government shutdown
- Reauthorization is required to fund the program, but reforms are still needed
- FEMA funding uncertainty and agency review council

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National Oceanic and Atmospheric Administration (NOAA)

- NOAA sustained major budget cuts in 2025
- A number of databases were retired in spring 2025, including NOAA's Billion Dollar Disaster Database
- The Academy submitted comments to NOAA and Congress in June 2025
- The Non-Profit Climate Central reinstated the Billion Dollar Disaster Database in Fall 2025

Federal Insurance Office (FIO) and Cybersecurity and Infrastructure Security Agency (CISA)

- The Department of Treasury's FIO shifted focus toward digital asset currency, AI, and third-party litigation funding
- CISA suffered permanent layoffs across its workforce during the government shutdown

Federal Shifts in AI Policy

- Biden administration Executive Order on AI eliminated
- AI Action Plan released in July 2025
- Heavier emphasis on deregulation and market-driven approaches

Colorado – SB 21-169

- Stakeholder Engagement Process still ongoing
- Amended Regulation 10-1-1 "Governance And Risk Management Framework Requirements For Life Insurers', Private Passenger Automobile Insurers', And Health Benefit Plan Insurers' Use Of External Consumer Data And Information Sources, Algorithms, And Predictive Models" was adopted on 10/15/25.

Washington, D.C. — Evaluating Unintentional Bias in Private Passenger Automobile Insurance

- D.C.'s Department of Insurance, Securities and Banking's (DISB) Report published December 2024
- DISB is considering proposing legislation on telematics and requiring bias testing methods

Questions?

For more information, please contact

Rob Fischer, Casualty Policy Project Manager

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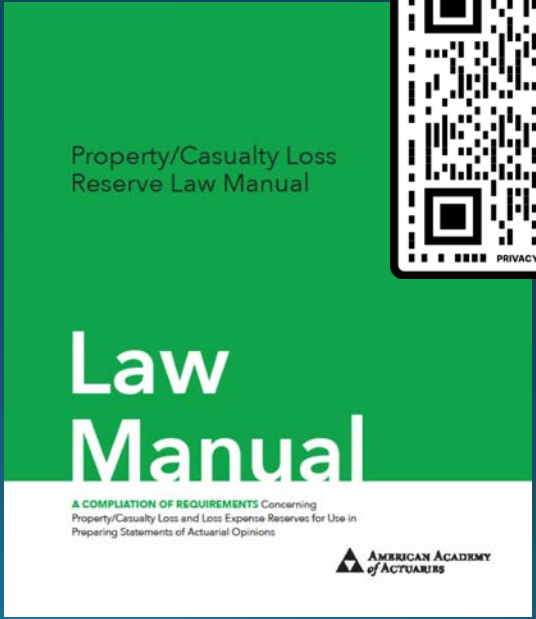
Property/Casualty Loss Reserve Law Manual

What's Inside?

- SAO requirements and the laws and regulations establishing those requirements;
- Annual statement instructions for the SAO for property/casualty, title loss, and loss expense reserves; and
- Other pertinent annual statement instructions.



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Academy membership on or after Jan. 1, 2026

Actuary.org/Member-Requirements

Actuary.org/Competency-Framework

Academy **Webinar**

American Academy of Actuaries

Tales From the Dark Side

Dec. 19, 2025 • Noon-1:30 p.m. ET

1.8 organized and professionalism continuing education (CE) credits

This annual webinar brings real-world professionalism challenges to light through case studies from the Actuarial Board for Counseling and Discipline (ABCD), with engaging stories and lessons drawn from issues that have arisen before the ABCD in requests for guidance and inquiries.

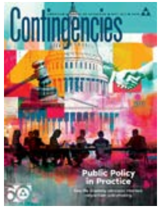
Upcoming Events

- **Broadening the Focus – Health Practice Council Symposium**
  April 2026
- **Life Investment Summit**
  May 2026
- **Retirement Symposium**
  September 2026
- **Life and Health Qualifications Seminar**
  November 2026
- **Seminar on Effective P/C Loss Reserve Opinions**
  December 2026

Other Academy Resources

Follow the Academy on LinkedIn

Access the Following Resources:



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