

# Regulatory Alert

Regulatory Insights for Financial Services

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## NAIC 2023 Strategic Priorities for State Insurance Regulators

### *KPMG Regulatory Insights:*

- *The NAIC's 2023 strategic priorities provide a helpful "roadmap" for companies to gain insight into areas of upcoming insurance-related regulatory risk and attention.*
- *The NAIC's priorities notably reflect quite a few of the 2023 regulatory priorities set by other financial service regulators, including climate risk, AI/algorithmic models, cybersecurity, fair advertising, and consumer/investor protections (see examples KPMG Regulatory Alerts [here](#), [here](#), and [here](#)).*
- *Differing states laws and regulations impacting insurance-related activities introduce operational and compliance complexities. See KPMG Regulatory Insights latest article, [The Empowerment of State Law and Regulation](#), [here](#).*

The National Association of Insurance Commissioners (NAIC) announced its strategic [priorities](#) for 2023. The priorities, which are set by the NAIC members, aim to "advance state-based solutions on current challenging issues" through "close collaboration" and "coordinated action" among the state insurance regulators.

### **NAIC 2023 Strategic Priorities**

The NAIC highlights a number of new and ongoing initiatives for 2023 in which NAIC and/or its members will participate (listed in alpha-order):

#### — **Climate Risk/Natural Catastrophes and Resiliency:**

- Closing climate risk-related protection gaps through an ongoing consumer education campaign to raise awareness of the need for coverage and the support state departments of insurance can offer.
- Supporting a stable, long-term National Flood Insurance Program.
- Establishing a Catastrophe Modeling Center of Excellence to provide model documentation, education and training, as well as conduct applied research using catastrophe models to address regulatory climate risk and resilience priorities.

#### — **Data/Artificial Intelligence, Cybersecurity, and Innovation:**

- Adapting regulations to emerging technologies and associated privacy concerns by:
  - Updating model laws.
  - Engaging with interested parties domestically and internationally.
  - Creating new frameworks and guidance regarding insurers' responsible data/artificial intelligence (AI) use and cybersecurity response.

#### — **Insurer Financial Oversight and Transparency:**

- Resolving considerations advanced by the Macroprudential Working (E) Group that address financial transparency around private-equity-affiliated insurers and traditional life insurance companies and related investment activities.

#### — **Long-Term Care Insurance (LTCI):**

- Examining a transition to a longer-term strategy, including implementation of the Multistate Actuarial (MSA) Review Framework in coordination with industry.

- Considering additional possibilities for increasing consumer awareness of “reduced benefits options”.
- **Marketing of Insurance Products:**
- Creating a customized search tool for consumers to access the license status of insurance producers selling health insurance.
  - Enhancing information-sharing to assist state insurance departments in raising awareness about individuals and entities misleading consumers or misrepresenting products.
- Amending model laws to provide state insurance departments with regulatory authority over third-party marketing organizations and insurance lead generators.
  - Continuing coordination with federal agencies.
- **Race and Insurance/Protection Gaps and Financial Inclusion:**
- Closing the protection gap, particularly for underrepresented and minority communities, including addressing barriers to access and expanding opportunities through the NAIC Foundation.

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