ARTIFICIAL INTELLIGENCE/MACHINE LEARNING (AI/ML)
PRIVATE PASSENGER AUTO SURVEY
SURVEY FILING GUIDANCE AND DATA DEFINITONS

This document provides survey filing guidance and data definitions and is organized by each survey section. Any company licensed to write private passenger auto insurance in one of the nine participating states (Connecticut, Illinois, Iowa, Louisiana, Nevada, North Dakota, Pennsylvania, Rhode Island, Wisconsin) and has at least $75 million in national private passenger auto insurance premium for 2020 is required to complete the survey.

Respondent Information

All demographic information is required. Comments are optional but are encourage if any of your responses in any section need to be clarified. Artificial Intelligence/Machine Learning (AI/ML)

an automated process in which a system begins recognizing patterns without being programmed to achieve a predetermined result. This is different from a standard algorithm ... is a process or set of rules executed to solve an equation or problem in a pre ... Evolving algorithms are considered a subset of AI/ML

9 Artificial Intelligence / Machine Learning Systems include:

x Systems that adapt and adjust to new data and experience without manual human intervention.
x Systems that arrive at results for which the outcomes and the stepwise approach toward the outcomes were not configured in advance by a human programmer.
x Systems that dynamically respond to conditions in the external environment without the specific nature of such responses being known in advance to the designers of the systems.
x Systems that utilize neural networks and/or deep-learning algorithms, such as supervised, semi-supervised, and unsupervised learning algorithms.
x Systems that engage in automatic speech recognition, facial recognition, image recognition, text recognition, natural language processing, generation of customer-specific recommendations, automated customer communications (e.g., chatbots with pre-programmed prompts), autonomous or semi-autonomous vehicle operation or data gathering, or any other approach that does not require either preprogramming or a manual human intervention in every instance of an action or decision.

- x Static ratemaking and/or predictive modeling methodologies, including linear regression, generalized linear modeling (GLM), or generalized additive modeling (GAM). Purely informational static databases, such as databases used to obtain reference amounts for claim settlements, or static databases pertaining to consumer characteristics or experience, regardless of the amount of information in the database. However, if AI/ML is used to create a static predictive model, that AI/ML system is considered within the scope of this survey.
- x Deterministic "phone trees" that navigate consumers through pre-recorded voice prompts.
- x Any approach that an insurer could have realistically utilized in the year 2000 or prior.

Guidance for Questions in Each Operational Area: Rating, Underwriting, Claims, Fraud Detection, Marketing, Loss Prevention

The respondent will only need to complete the corresponding sections for which AI/ML is being used by their company as indicated in the General Section of the survey.

For purposes of this survey, the operational areas are Rating, Underwriting, Claims, Fraud Detection, Marketing, and Loss Prevention. This survey is primarily focused on consumer facing models used for these operational areas, however, the respondent can include other operational areas listed in the "Other" line (question 3) in the General Section of the survey.

Each operational area has specific "uses" listed for AI/ML. For example, "Rating Class Determination" is a "use" listed under the Rating Section. The respondent should select the highest level of deployment of AI/ML.

- x Research: The investigation into and study of materials and sources to establish facts and reach new conclusions. The collecting of information about a particular subject.
- x Proof of Concept (POC): A small exercise to test the design idea or assumption. The main purpose of developing a POC is to demonstrate the functionality and to verify a certain concept or theory can be achieved in development. It is basically testing the model for functional viability to be sure it runs and delivers a result.
- x Prototype: Prototyping provides the opportunity to visualize how the product will function; it is a working interactive model of the end product that gives an idea of the design, navigation, and layout. Prototyping involves testing the model with actual data, in a limited, controlled environment. A prototype brings the POC idea to life.
- x Implemented in Production: The model is being used in a live, production environment using real data.

In addition to highest level of deployment, the survey asks information on the level of decisions influenced by an AI/ML model

- x Automation: No human intervention on execution.
- x Augmentation: Model advises human who makes decision, model suggests answer.
- x Support: Model provides information but does not suggest decision or action

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of transparency, ensuring adequate and complete/understandable consumer disclosure regarding the data being used and how the data are used, as well as providing a way for consumers to appeal or correct inaccurate data. This is intended to be specific for data not already protected by legislation such as the Fair Credit Reporting Act (FCRA), as the assumption is all companies would be compliant with that law. This pertains to consumer data NOT specified in the FCRA.

x   AI Systems are Secure, Safe and Robust including Decision Traceability and Security and Privacy

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Definitions Specific to Claims

- x Claim Approval: Approving a claim without human intervention on that particular claim.
- x Claim Denial Settlement with Recommendary whion amount to offer a claimant in to order resolve the insurer's obligations on the claim.

      x Claim Assignment Decisions: Recommending whic
         x Informational Resource for Adjusters: Provid
            without recommending a decision or limiting the
                  x Evaluation of Images
                     pertaining to a potent
                     and/or provide guida
                     manner.

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Definitions Specific to Loss Prevention

- x Identification of High-Risk Customers: The goal of such identification in a loss prevention context is not to