THE Committee OF Annuity Insurers
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Chair Nathan Houdek (WI)
Co-Vice Chair Mary Block (VT)
Co-Vice Chair Doug Ommen (IA)
2025 NAIC Big Data and AI (H) Working Group NAIC Central Office
1100 Walnut Street
Suite 1500
Kansas City, Missouri 64106

Sent via email to: ssobel@naic.org

RE: Comments on the AI Risk Evaluation Supplement (Version 5.0)

Dear Chair Houdek and Co-Vice Chairs Ommen and Block:

We are writing on behalf of the Committee of Annuity Insurers[1] ("CAI" or "Committee") to provide comments on Version 5 of the Artificial Intelligence (AI) Risk Evaluation Supplement (the "Supplement") that was exposed for comment by the Big Data and Artificial Intelligence (H) Working Group ("BDAIWG" or "Working Group") on August 29, 2026. We appreciate the Working Group's dedication and commitment to developing the Supplement, and its consistent efforts to engage key stakeholders throughout the drafting and pilot process.

The CAI's comments address both procedural and substantive topics that we hope the Working Group will take into consideration as it works to finalize the Supplement and the NAIC moves towards its adoption. Our overarching request is that the final Supplement be revised so that it is flexible enough that it will enable regulators to focus on those AI developments and deployments that pose the greatest risks for consumers and the industry as powerful new AI Systems ("AIS") evolve with unique capabilities and risks.

[1] The Committee of Annuity Insurers is a coalition of life insurance companies that issue annuities. It was formed in 1981 to address legislative and regulatory issues relevant to the annuity industry and to participate in the development of public policy with respect to securities, state regulatory and tax issues affecting annuities. The CAI's current 33 member companies represent approximately 80% of the annuity business in the United States. More information is available at https://www.annuity-insurers.org/.

COMMENTS

1. **Clarify whether, and if so how, the Supplement will be integrated with the Market Regulation, Financial Condition Examiners and Financial Analysis Handbooks ("Handbooks")**

The instructions contained in the Supplement state that the Supplement "will be coordinated consistent with the guidance provided by the *Market Regulation Handbook, Financial Condition Examiners Handbook,* and the *Financial Analysis Handbook*" and go on to explain that "many important decisions leading to the full use of this Supplement would be governed by the aforementioned Handbooks." The BDAIWG has mentioned in previous meetings that efforts are underway to coordinate with other relevant NAIC committees regarding the use and implementation of the Supplement. However, while the BDAIWG has taken the lead in drafting the Supplement, it is unclear the extent to which other NAIC committees that have mandates over the regulatory exam processes will adopt the Supplement into the Handbooks. The CAI requests that the BDAIWG clarify what specific plans, if any, are underway at the NAIC to integrate the Supplement into the Handbooks prior to, or after, adoption of the Supplement by the NAIC.

2. **Explain how regulators will evaluate and use the responses provided to the Supplement in the future.**

The pilot initiated by the BDAIWG has provided regulators participating in the pilot with valuable opportunities to coordinate and communicate about the experiences they have had administering the Supplement and the responses they have received from insurers. This has resulted in a process that we understand has promoted more uniformity in interpretations of various aspects of the Supplement among the states and efficiency in the exam process. This coordinated approach among the states is particularly important now when the capabilities and risks of AIS and AI models are evolving so rapidly. The CAI requests that the BDAIWG consider further bolstering regulatory consistency by providing additional written guidance on lessons learned from how the Supplement has been interpreted and used in the pilot program. For instance, a report on the Pilot program that includes anonymized information on the results of testing of the various Exhibits would be valuable for both regulators and the industry. That report could also detail the extent to which each Exhibit was tested during the pilot and provide recommendations as to how regulators can best tailor each Exhibit, as well as how and when each Exhibit should be used during an exam.

3. **Reconsider the quantitative emphasis of Exhibit A.**

As the NAIC Model AI Bulletin states, insurers are expected to readily produce an inventory of their material AIS upon regulatory request. Currently, Exhibit A in the Supplement requests an inventory of AIS and AI models in a complex numerical fashion. We believe that Exhibit A – Part Two, with its narrative focus, is a less burdensome and more effective way for regulators to obtain a complete picture of those AIS that are used by an insurer. The quantitative approach currently presented in Exhibit A – Part One will be administratively burdensome, will be difficult for insurers to produce accurately, and will only provide regulators with a rudimentary "heat map" of where insurers are

concentrating their AI deployments. The Committee requests that Exhibit A Parts One and Two be streamlined into a single principles-based request for insurers to disclose material AIS, that any quantitative elements be simplified, and that insurers be allowed to explain in a clear narrative the scope of their AIS deployments.

4. Ensure conformity between the different formats of Exhibit B

Exhibit B is intended to provide regulators with flexibility as to how they choose to request information about an insurer's current risk management posture and procedures (what the Model Bulletin refers to as an "AIS Program"). However, the narrative and checklist formats diverge not just in format, but also in the actual substance of the information being requested. The CAI requests that the content of the two Exhibit B formats be revised to be consistent, so as to encourage uniformity and efficiency in the responses regulators obtain to Exhibit B.

The following examples illustrate instances in which the Narrative and Checklist formats request substantively different information:

- **Assessment of Autonomy and Reversibility.** The Narrative format (Question 1g) asks how the company assesses autonomy, reversibility, and reporting impact risk — a critical inquiry given the rise of agentic AI. The Checklist format contains no corresponding question.
- **Data Privacy and Consumer Data Protection.** The Checklist format (Question 3d) asks whether the AIS Program considers data privacy and protection of consumer data; the Narrative format does not include a corresponding inquiry.
- **Employee Training and Prohibited AI Practices.** The Checklist format (Question 3j) asks whether the company trains employees about AI System use and defines prohibited practices; the Narrative format includes no analogous question.

These discrepancies could produce materially different regulatory assessments of the same company's AI governance depending solely on which format the regulator selects, undermining the uniformity and efficiency the Supplement is designed to promote.

5. Enhance the Supplement's focus on forward-looking AI risks, such as Agentic AI

The CAI is strongly opposed to the new emphasis placed on including Generalized Linear Models ("GLMs") within scope of the Supplement. While GLMs can present risks and impact consumer outcomes, this technology is tried, trusted and transparent. The governance and risk management necessary to oversee GLMs has been long established, is dramatically different from that required for Generative AIS, and is fundamentally misaligned with the governance and risk management tools required for Agentic AI with its focus on permissions, perimeter boundaries and agent identities, as well as third party uses. The Supplement, like the Model Bulletin, will remain most relevant the more it follows a risk- and principles-based approach. By doubling down on the discussion and promotion of regulating GLMs under the Supplement, the Supplement risks failing to provide the instruction and guidance that is necessary for industry and regulators to effectively and efficiently oversee the significant risks presented by both generative and

agentic AIS and other frontier AI deployments. The Committee requests that the emphasis on GLMs be removed from the Supplement and that the Working Group consider specific revisions to the Supplement to ensure that it systematically requests information needed for regulators to assess how insurers are governing and mitigating the risks arising from their own deployments or from third party deployments of Agentic AI.

Thank you for the opportunity to comment on the exposed Version 5 of the AI Systems Risk Evaluation Supplement. We hope that you find these comments helpful at this stage in your strategic thinking. Please do not hesitate to contact us if you have any questions and/or would like to discuss our comments further.

Sincerely,

For The Committee of Annuity Insurers

Eversheds Sutherland (US) LLP

By:_____
Mary Jane Wilson-Bilik
Partner

Cc: Stephen E. Roth, Eversheds Sutherland (US) LLP
Jeremy Bloomstone, Eversheds Sutherland (US) LLP