



January 20, 2023

The Honorable Karima M. Woods, Commissioner
Department of Insurance, Securities & Banking (DISB)
1050 First Street, N.E.;
Suite 801
Washington, DC 20002

**Re: DCIF Submission on December 1, 2022, DISB Request for
Comment – Draft Data Call, Unintentional Bias in Automobile
Insurance**

Dear Commissioner Woods:

The District of Columbia Insurance Federation (DCIF) welcomes this opportunity to provide this submission in response to DISB's December 1, 2022 Request for Comment regarding DISB's Draft Data Call related to possible unintentional bias in private passenger automobile insurance.

DCIF is particularly appreciative of DISB having proactively scheduled and actively participated in a two-plus hour, Question & Answer session on January 9th further clarify the Draft Data Call. DCIF's members and other participants found the content of the January 9th session particularly helpful for better responding to the November 30, Request for Comment.

However, the DCIF strongly believes another such session is in order to carefully and methodically work through and discuss each of the individual data points identified on the spreadsheets intended to become part of the Data Call. Absent such an exercise, the many outstanding, genuine, definitional and logistical

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questions will necessarily undermine any quantitative or qualitative “results” produced by this endeavor. Further, a more careful discussion of the requested data elements would allow DISB to further refine the request as to alleviate unnecessary data collection and analysis.

As shared repeatedly throughout this process, through its D.C.-licensed insurer members and its national trade association members, DCIF represents the overwhelming majority of insurers who issue private passenger automobile insurance policies in the District of Columbia.

DCIF directly associates itself with the comments submitted by our national insurance trade association members. Not wishing to be repetitive of DCIF member submissions, DCIF’s present comments are narrowed and focus on the: (i) the perils of DISB conducting a first-ever collection of “quote” data; (ii) data security, transmission, storage and processing concerns; (iii) numerous, genuine definitional and process questions as to the data elements requested; and, (iv) unanswered questions as regards the transparency and methodology of the intended review.

A brief overview of each of these points, follows:

I. Insurance Application/Quote Data Has Never Been Collected or Studied and Any ‘Such First of its Kind’ Collection and Review Would be Best Developed in Coordination with the District’s Sister Jurisdictions

DISB and relevant stakeholders have agreed that insurers and producers have never been asked, let alone required, to retain insurance application/quote data. Nor has any jurisdiction conducted a data call or analysis of insurance application/quote data.

Not meant as a criticism; however, it seemed particularly clear during the January 9th Question & Answer call that the ORCAA representatives had genuine questions as to the continuum of stages in the auto insurance application and quotation process. ORCAA’s questions and seemingly sincere interest in better understanding the application and quotation process buttresses DCIF’s key, overarching point that an additional Question & Answer session before the issuance of a Final Data Call is imperative to the credibility and usefulness of the overall endeavor.

Further, if the contractor designing the Data Call and analyzing the data is openly and honestly continuing to hone its understanding of the insurance application and quotation process, then perhaps the contractor and DISB are not best positioned to execute the first such data call of its kind. As a Washingtonian, I have a personal interest in the reputation and success of all elements of District government and have particular concerns about my home jurisdiction taking on a project with an untested methodology developed without benefit of the collaborative benefits of the United States' state system of national insurance regulation.

II. Data Security, Transmission, Processing & Storage Concerns

DISB has consistently made clear that any such data call will be subject to the confidentiality protections that apply to the issuance of a market conduct examination warrant. While DISB's assurances are somewhat comforting, given the tremendous volume of data that would be responsive to the Draft Data Call and the presence PII among the data requested, DCIF requests that DISB provide more technical detail on DISB and its contractors' security structures. DCIF does not pretend to possess the technological proficiency to fully articulate all of the concerns regarding data security, but DCIF is happy to facilitate interaction between insurers' data security experts and their counterparts at DISB, OCTO and the contractors.

In addition to concerns about the security of the data collected, there are also unanswered questions as to how the data will be transmitted and the security of that data during transmission. Again, DCIF does not have the expertise to fully articulate the issues surrounding the secure transmission of the volume of data in questions, but is prepared to facilitate interactions to better articulate and address these issues.

Further, DCIF members believe the volume of data envisioned by the Draft Data Call could overwhelm DISB's and its contractors' ordinary capacity to process and securely store such data. DCIF would appreciate whatever assurances DISB can provide to evidence that DISB and its contractors have an accurate understanding of the volume

of data involved in the Draft Data Request and have taken the steps necessary to increase their capacity to process and securely store data.

Finally, ORCAA is actively involved in related work in other jurisdictions. While DCIF understands the confidentiality protections available under the market conduct warrant, DCIF would like to better understand the contractual relationship between ORCAA and any sub-contractors as regards the existence of “Chinese walls” within ORCAA assuring that data collected through DISB is segregated from data collected through other jurisdictions. This is not meant as a criticism, but rather a question as regards new set of facts specific to this particular circumstance and is likely to apply as similar occurs in other jurisdictions. It would be inherently unfair for ORCAA or any similarly situated entity to use their access to confidential data collected through DISB to inform their development of similar data calls developed for other jurisdictions.

III. The Numerous, Genuine, Definitional and Process Questions That Exist as to the Data Elements Requested Require an Additional Exchange Before the Data Call is Finalized

As mentioned above, the ORCAA representatives on the January 9th call seemed to benefit from the exchange on certain data elements included on the spreadsheets that make up part of the Draft Data Call. The January 9th call, while helpful, was only able to touch on a small fraction of the myriad technical and definitional questions that relate to the data fields on the spreadsheets.

While DCIF is concerned about ORCAA’s use of DISB’s data call as an educational endeavor to inform its work in other jurisdictions, DCIF is more interested in making certain ORCAA has the opportunity to discuss and refine each data element with appropriate data collection experts so that no unnecessary data is collected and to assure the best possible results of the data call.

For these reasons and the reasons identified above, DCIF renews its strong recommendation that DISB schedule another Question & Answer session with ORCAA before DISB issues a Final Data Call.

IV. Unanswered Questions as Regards the Transparency and Methodology of the Intended Review

To date no questions regarding the intended methodology to be used or the transparency of that methodology have been answered. So as not to be repetitive, DCIF refers DISB to our previous testimony and comments on methodology and transparency.

DCIF would, however, like to point DISB to the exhaustive, transparent process currently underway in Colorado to discuss and refine the methodology that Colorado will use as it prepares to analyze a related data call. Note that DCIF's reference to the Colorado process relates only to Colorado's transparency processes, as DCIF is not qualified to comment on the outcome of that process.

DCIF has no desire to unnecessarily slow or impede DISB's proposed data call. However, DCIF has an institutional interest in DISB developing and conducted the best possible Data Call.

DCIF looks forward to working closely with DISB, its contractors and other stakeholders throughout the proposed review and beyond.

Sincerely,

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