Wisconsin Office of the
COMMISSIONER
OF INSURANCE

AI Regulation in Insurance Industry

September 10, 2026

Topics

- OCI Overview
- Health Insurance Regulation
- National Association of Insurance Commissioners
- AI Model Bulletin
- AI Risk Evaluation Supplement Pilot
- Recommendations
- Questions

About OCI

The Office of the Commissioner of Insurance (OCI) was created by the legislature in 1870 to ensure that the insurance industry responsibly and adequately meets the insurance needs of Wisconsin citizens.

Mission

To **protect** and **educate** Wisconsin consumers by maintaining and promoting a **strong insurance industry**.

Wisconsin Insurance Market

- Over 2,000 licensed insurance companies in Wisconsin – small mutuals and health care cooperatives to Fortune 500 companies
- 290 insurers domiciled in Wisconsin with total assets over $570 billion
- Over 220,000 agents licensed to do business in Wisconsin - over 33,000 licensed agents are Wisconsin residents

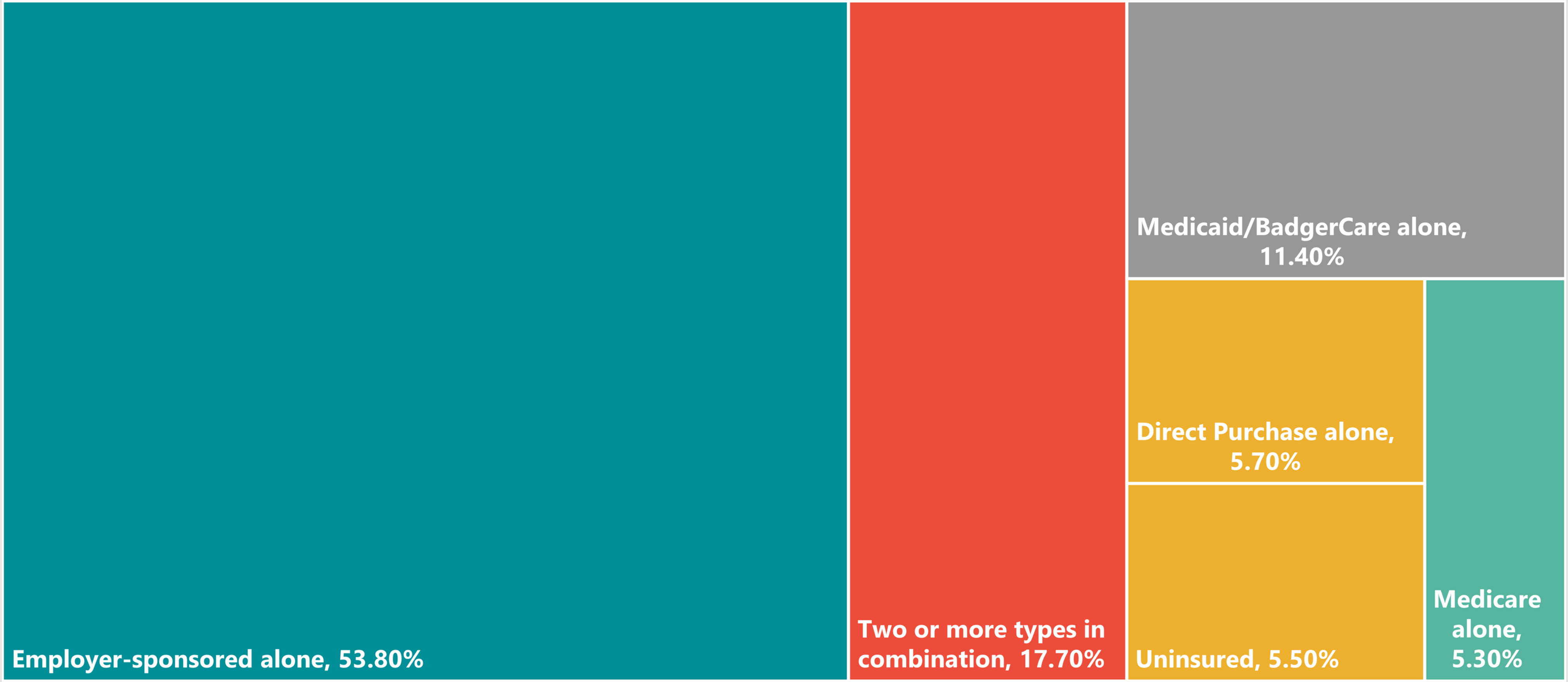
Regulatory Responsibilities

- OCI's major functions include:
  - Monitor financial solvency
  - Ensure that insurance policies comply with Wisconsin laws and rules
  - Issue licenses to agents, insurers, and pharmacy benefit managers (PBMs)
  - Monitor insurer and agent behavior to ensure compliance with state insurance laws
  - Assist and educate insurance consumers
  - Provide technical assistance on legislation and promulgate administrative rules to interpret insurance laws
  - Operate the Wisconsin Healthcare Stability Plan and provide administrative support to the Injured Patients and Families Compensation Fund and the State Life Insurance Fund

Health Insurance Regulation

- Centers for Medicare and Medicaid Services
  - Center for Consumer Information and Insurance Oversight (CCIIO) – Affordable Care Act (ACA) market regulation
- Department of Labor (DOL)
  - ERISA – Employee Retirement Income Security Act
    - Health coverage offered by most large employers is self-funded and regulated by DOL. ERISA provides protections for participants and beneficiaries in employee benefit plans
- Department of Health Services
  - State Medicaid program (BadgerCare)
- OCI
  - Insurers selling fully-insured large group, small group, and individual health plans are subject to state regulation

Wisconsin Sources of Health Coverage



Source: Wisconsin Individual Health Insurance Market Analysis, oci.wi.gov/marketscan

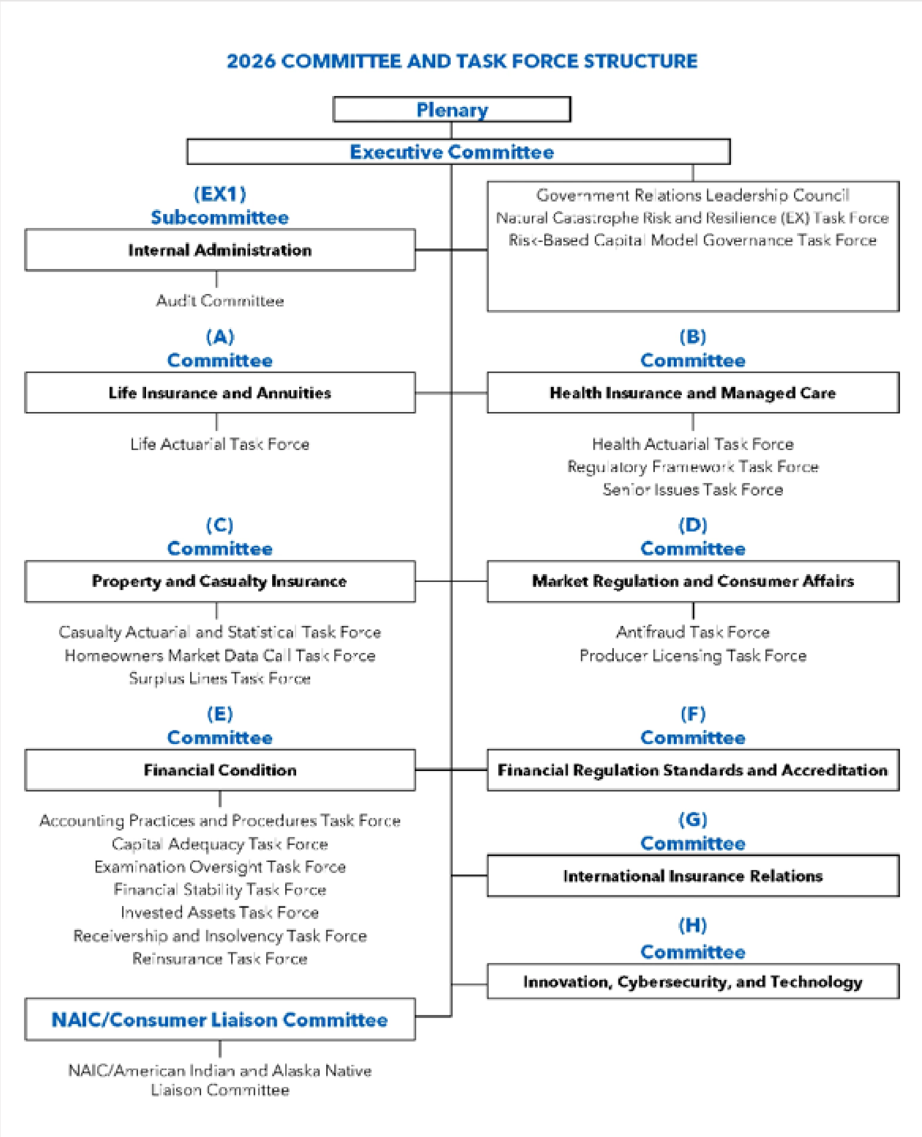
National Association of Insurance Commissioners (NAIC)

The NAIC provides expertise, data, and analysis for insurance commissioners to effectively regulate the industry and protect consumers.

Founded in 1871, the U.S. standard-setting organization is governed by the chief insurance regulators from the 50 states, the District of Columbia, and five U.S. territories to coordinate regulation of multistate insurers.

NAIC Governance

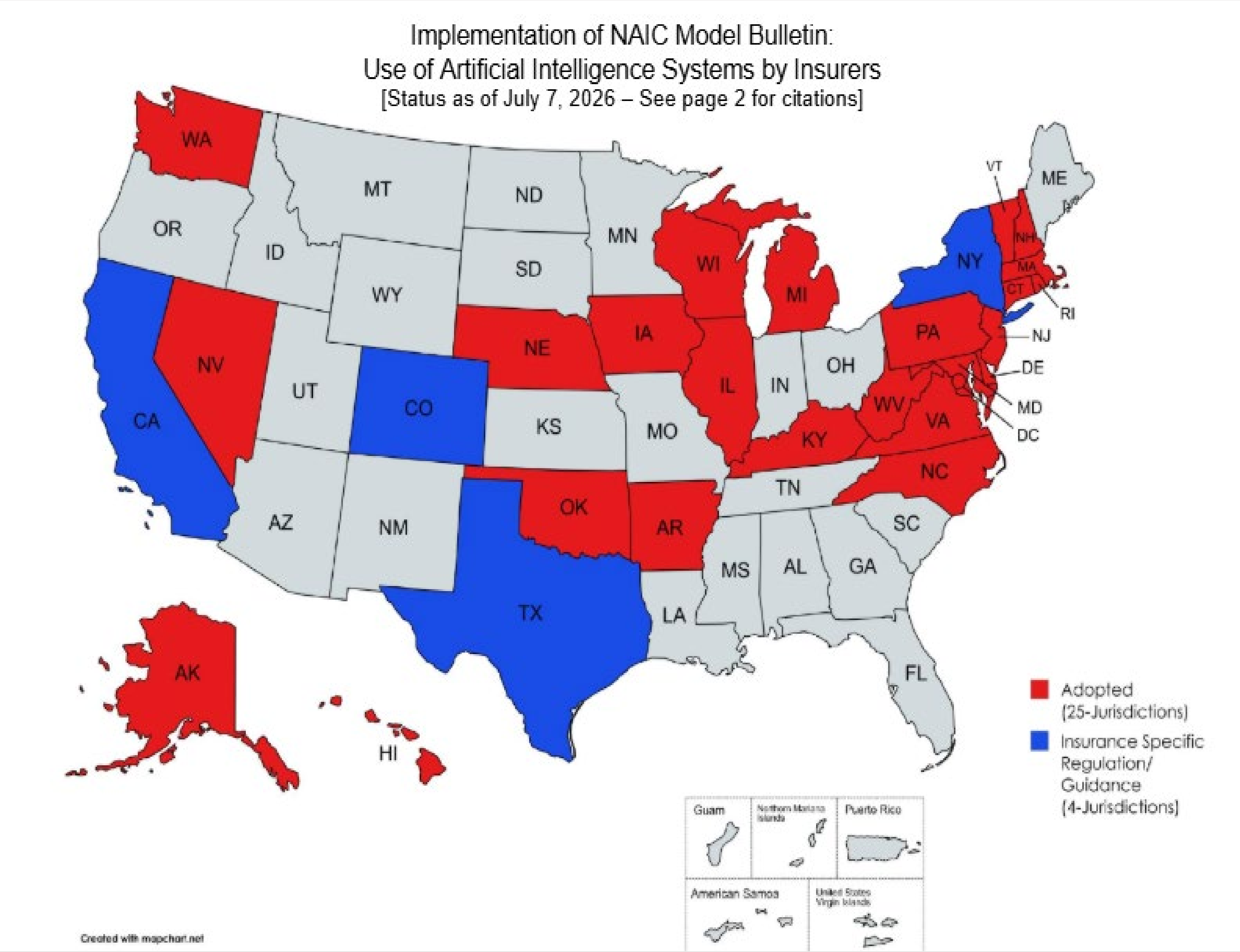
- Governance Structure
  - 4 Officers elected by the full membership
  - 8 standing ("letter") committees
- Big Data & AI Working Group (BDAIWG) reports to the Innovation, Cybersecurity, and Technology (H) Committee
- Wisconsin is chair of BDAIWG in 2026



NAIC AI Model Bulletin

- Developed by the BDAIWG to establish uniform expectations for responsible AI governance across the insurance industry
- Adopted by the NAIC in December 2023
- Link: Model - Innovation, Cybersecurity, and Technology (H) Working Group

AI Model Bulletin Across the Country



AI Model Bulletin in Wisconsin

- Bulletin on the Use of Artificial Intelligence Systems in Insurance published on March 18, 2025

- Reminds regulated entities that:
  - Decisions or actions impacting consumers that are made or supported by advanced analytical and computational technologies (including AI) must comply with all applicable insurance laws and regulations.
  - This includes those laws that address unfair trade practices and unfair discrimination.

AI Risk Evaluation Supplement Goals

- Help regulators understand how insurers use artificial intelligence and assess whether their governance practices may be effective in managing potential risks.

- Provides a structured way for states to review AI systems, promote transparency, and identify where additional oversight, training, or improvements may be needed.

AI Risk Evaluation Supplement

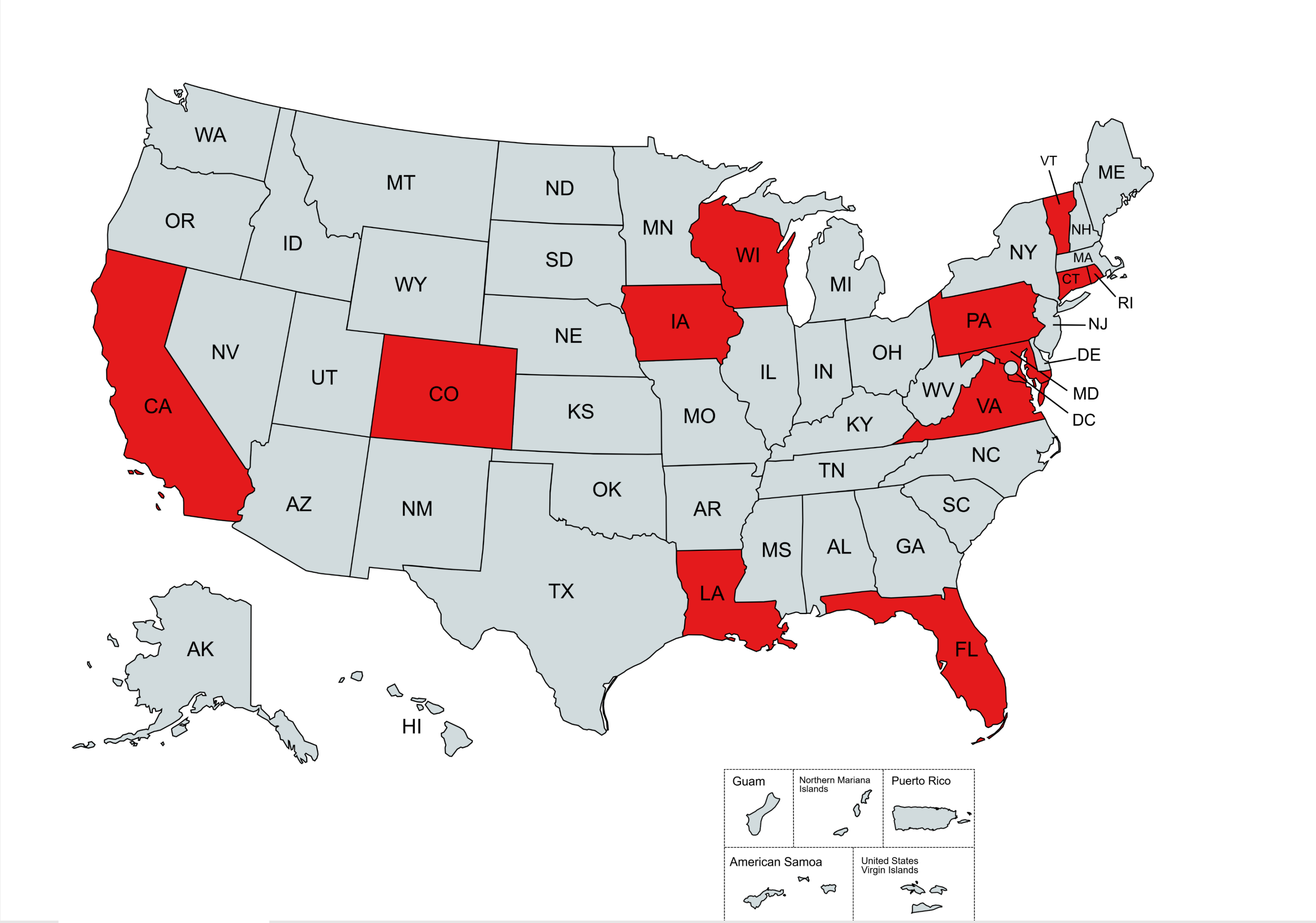
- Four “Exhibits”
  - A. Quantify Regulated Entity’s Use of AI Systems
  - B. AIS Program
  - C. High-Risk AI Models
  - D. AI Model Data

AI Risk Evaluation Supplement Pilot Goals

- Determine whether the Supplement:
  - Helps insurers clearly explain their AI governance systems to regulators.
  - Helps regulators better understand how companies use AI systems and how those companies apply standard governance practices.
- Support the ongoing improvement and development of the Supplement.
- Help create long-term recommendations for market conduct and financial risk assessment review processes.
- Identify what additional regulator training may be needed in the future.

Pilot Participation States

1. California
2. Colorado
3. Connecticut
4. Florida
5. Iowa
6. Louisiana
7. Maryland
8. Pennsylvania
9. Rhode Island
10. Vermont
11. Virginia
12. Wisconsin



AI Risk Evaluation Supplement Pilot—Timeline

June-July
- Pilot continues through Sept*
- BDAIWG Mtg. with Governance Panelists
- BDAIWG Mtg. with Actuarial Panelists
- Companies surveyed through Sept 30

Aug
- Summer NM Update
- State input and 1st round of co. survey responses inform v 5.0
- BDAIWG Mtg. to Introduce v. 5.0

Sept
- V. 5.0 exposed (30 days)
- States wrap up pilots and provide input into V. 6.0

Oct
- BDAIWG Mtg. for comment on v. 5.0
- Company survey responses used to inform v. 6.0
- V. 6.0 exposed (14 days)

Nov
- Revise Supplement based on comments during 14-day exposure
- BDAIWG Mtg. for comment on v. 6.0
- Consider v. 7.0 for adoption at Fall NM

*Timing for each state's pilot will vary and every pilot may not be completed by 9/30/26. Information gleaned from the pilot experience will inform the Supplement drafts through adoption and future iterations.

Recommendation

- Coordinate with other states and work through NAIC model law process to ensure uniformity between states
    - Examples of other model laws

Questions?