

House Communications, Technology, and Innovation Committee – Technology and
Innovation Subcommittee

VIRGINIA HB 747: Artificial Intelligence Developer Act; established, civil penalty

Opposed

January 31, 2024

Chair Seibold,

On behalf of the National Association of Mutual Insurance Companies¹ (NAMIC) thank you for the opportunity to submit this statement in opposition to House Bill 747.

NAMIC consists of more than 1,500 member companies, including seven of the top 10 property/casualty insurers in the United States. The association supports local and regional mutual insurance companies on main streets across America as well as many of the country's largest national insurers.

NAMIC and our members firmly believe in the fair treatment of all policyholders. Mutual insurance companies are built on the notions of community and inclusivity, and the mutual model has a long and proud history of service to our communities.

NAMIC, our members, and the collective insurance industry are adamantly opposed to discrimination based on race and unfair discrimination in general. We are committed to ensuring that algorithms are free from unfair discrimination as we support legislative policies to prevent these practices, many of which are already established in the Virginia Insurance Code. While we appreciate the intent of the legislation, we are opposed and respectfully request that the insurance industry be removed from the scope of the bill.

This proposal creates a parallel and inconsistent set of standards in conflict with the insurance code. The inclusion of insurance in the bill undermines the authority of the insurance commissioner and the purpose of the commonwealth's insurance regulatory requirements which are ultimately for the benefit of consumers.

The Virginia Bureau of Insurance already examines insurers' use of algorithms and predictive models and the inclusion of insurance within the scope of this legislation could seriously impair or impede those activities.

To protect policyholders and the general public, the Bureau of Insurance regulators apply the requirements of the Virginia insurance code and administration regulations to all participants in the insurance market.

¹ NAMIC member companies write \$391 billion in annual premiums and represent 68 percent of homeowners, 56 percent of automobile, and 31 percent of the business insurance markets. Through its advocacy programs NAMIC promotes public policy solutions that benefit member companies and the policyholders they serve and fosters greater understanding and recognition of the unique alignment of interests between management and policyholders of mutual companies.



Ensuring a robust and competitive insurance market is a significant component in protecting consumers. The Commissioner of the Bureau of Insurance and staff are uniquely qualified to maintain the appropriate balance between the imposition of regulatory burdens and consumer protection to create the conditions for a healthy insurance market within the Commonwealth of Virginia.

For these reasons, NAMIC is opposed to this legislation and respectfully requests insurance be removed from the provisions of the bill.

Thank you for taking the time to consider our position on House Bill 747.

Sincerely,

Matthew Overturf

Matthew Overturf, Regional Vice President State Affairs
Ohio Valley/Mid-Atlantic Region