United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

February 10, 2025

The Honorable Eugene Dodaro
Comptroller General of the United States
Government Accountability Office
441 G St., NW
Washington, DC 20548

Dear Comptroller General Dodaro:

I am writing to follow up on my August 2023 letter requesting work related to the effects that the artificial intelligence (AI) technology industry, including property technology (PropTech) companies, are having on consumers' access to fair and affordable housing. In light of the ongoing wildfires in Los Angeles County and major hurricanes at the end of last year, I request that the Government Accountability Office (GAO) also explore the effects of AI, including generative AI, on the insurance industry.

Following the work of the Financial Services Committee's Bipartisan Working Group on Artificial Intelligence, including a July 2024 hearing entitled, "AI Innovation Explored: Insights into AI Applications in Financial Services and Housing," my understanding is that property-casualty and life insurance companies are both increasingly adopting the use of AI.[1] Insurance companies also play a role in the financing of both PropTech and insurance technologies (InsurTech) ventures, such as technologies that help to determine premium rates and settle insurance claims.[2] The growing use of AI in insurance raises similar questions and concerns as in the housing space regarding consumer protections, fair treatment, and adequate access to insurance coverage. This is especially true as communities across the country face more frequent, unpredictable, and costly disasters due to worsening climate change. For example, how does the use of AI in insurance underwriting affect the pricing and availability of insurance coverage and what are the federal-level implications? How is AI being leveraged to predict risk and process claims? In addition, do federal AI-related regulations affect the InsurTech industry? How are state insurance regulators (with the assistance of the National Association of Insurance Commissioners (NAIC)) overseeing these uses, and what controls are in place to ensure consumers are treated fairly?

Because insurance is key to consumers' ability to recover from disaster events and provide for their families in difficult circumstances, we request that you conduct a review of the use of AI by property-casualty and life insurance companies. This review should include providing answers to the following questions:

1. To what extent is the insurance industry investing in the PropTech and InsurTech industries?
2. How are property-casualty, title, and life insurers using various types of AI, including in their underwriting and claims adjustment processes, and how does the industry plan to expand its use of various forms of AI into the future?
3. How is climate risk factor data, including the increased frequency of climate-related disaster events and related losses, being integrated into InsurTech models and insurer decision making?
4. What are the potential effects of insurers' use of AI on consumers' fair and affordable access to adequate insurance coverage, and receipt of fair and reasonable compensation for claims made?

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[1] U.S. House Financial Services Committee (FSC), *Ranking Member Waters, Chair McHenry, Representatives Hill and Lynch Release Bipartisan AI Working Group Staff Report* (Jul. 18, 2024); *See also* FSC, *AI Innovation Explored: Insights into AI Applications in Financial Services and Housing* (Jul. 23, 2024).

[2] The Insurer, *Insurtech Hover closes $60mn round led by Travelers, State Farm and Nationwide* (Nov. 18, 2020); *See also* LeadSquared, *Top 10 PropTech Companies in the United States* (Dec. 15, 2023).

5. How are state regulators overseeing insurers' use of AI, and what role do federal AI-related regulations and guidance play, if any?

I understand that the GAO's statutory access authorities to agency officials and data do not extend to insurance companies, state insurance regulators, or the NAIC. However, because of the importance of this issue, I ask that you inform the Committee if you have any difficulty in speaking with or obtaining data from these officials and in the GAO's report to Congress, I ask that GAO assess the effect that the lack of insurance data transparency may have on the federal government's ability to monitor relevant financial risks and impacts on consumers and on the U.S. housing and mortgage markets. Finally, I also request that in its reporting, GAO provide policy recommendations, as appropriate, for relevant Federal agencies and Congress to consider, as well as any gaps in federal authority, oversight, and regulation.

I look forward to your analysis and recommendations and thank you for your attention to this critical issue. Please contact Alia Fierro (alia.fierro@mail.house.gov), Director of Housing and Insurance Policy, with any questions.

Sincerely,

Maxine Waters
Ranking Member
Committee on Financial Services

CC: The Honorable French Hill, Chair, House Committee on Financial Services