

STATEMENT

Insurance Association of Connecticut

Judiciary Committee

March 14, 2008

SB 671, AN ACT CONCERNING IDENTITY THEFT

The Insurance Association of Connecticut supports protecting individual's private information like social security numbers and increasing the penalties against those who use them for fraudulent purposes. However, the IAC is opposed to several of the provisions contained in SB 671 as they are overly broad, unduly vague and unnecessary.

The insurance industry supports the concept contained within Section 2 which requires any entity that causes the unauthorized disclosure of an individual's social security number to pay for two years of identity theft monitoring. However, we strongly suggest that such entity should be held responsible only if the entity, or its agents, acted negligently.

Furthermore, the provisions of this section are vague. What is meant by "unauthorized"? There are situations where the release of personal identifying information serves legitimate purpose but may be done without the party's authorization. For example: providing information to law enforcement for the detection of fraud or to provide information to the state or federal government for tax purposes. An individual may not authorize such a disclosure yet such disclosures serve legitimate purposes. Pursuant to the terms of this section such disclosure might be considered "unauthorized" subjecting an entity to the penalties of this act.

Additionally, the provisions contained in section 3 of this proposal are overly broad and vague. Section 3 creates a private cause of action against any person that has been aggrieved by an authorized disclosure of personal identifying information, yet "unauthorized disclosure" is not defined. Additionally, the standard which an entity must have breached is unclear. Is it a

negligent disclosure? A reckless disclosure? Or an intentional disclosure? Or all of them? Furthermore, what is meant by “aggrieved”? Would that include a person’s settlement being subject to a state lien because an insurer shared the individual’s information with the state? As such, this section could result in endless litigation challenging legitimate business practices.

The insurance industry is already subject to stringent privacy protections provisions of the Gramm-Leach-Bliley Act (GLB) and the Connecticut Insurance Information and Privacy Protection Act. These acts require insurers, agents and third party vendors to safeguard Connecticut insurance consumer’s private information and provide sufficient and strict penalties for any violations . Subjecting the industry to the provisions of SB 671 could result in penalizing one entity twice for a single offense. The IAC urges that SB 671 be amended to specifically exempt an entity subject to the provisions GLB from the provisions of this act.