

SENATE BILL 1108¹

Privacy: Information Use & Opt-Out

STATEMENT OF OPPOSITION

To the Government Administration and Elections Committee – March 25, 2019 Public Hearing

On behalf of National Association of Mutual Insurance Companies (NAMIC)² members, thank you for the opportunity to provide this written input on the above captioned bill “to require business to disclose the proposed use of any personal information and to give consumers the right to discover what personal information the business possesses and to opt out of the sale of such information and to create a cause of action and penalties for violations of such requirements.” This statement is consistent with that provided by the Insurance Association of Connecticut (IAC).

UNKNOWNNS & PRACTICAL PROBLEMS - To the extent SB 1108 is based on the California Consumer Privacy Act of 2018 (CCPA),³ please consider these facts: that law passed very swiftly; it does not go into effect until 2020; its implementing regulations have not been finalized; it deviates from standard and meaningful definitions that go to the scope of the parties (“consumer”), data (“personal information”), and activities (notice, etc.); and potential ramifications of this sweeping and divergent law remain unknown. Also, timeframes in SB 1108 – from effective date to responding to requests – are extremely tight. Respectfully, adding a private right of action seems dramatic where existing law protects financial institutions’ customers.

BACKDROP: ESTABLISHED PRIVACY LAWS (FEDERAL & CONNECTICUT) - Title V of the Gramm-Leach-Bliley Act (GLBA) provides a privacy framework for financial services (including insurance). It sets forth notice requirements and standards for the disclosure of nonpublic personal financial information – it specifically requires giving customers the opportunity to opt-out of certain disclosures.⁴ Importantly, GLBA allows for functional financial institution regulators to implement the privacy standards. Given concerns with consistency, in September 2000 the National Association of Insurance Commissioners (NAIC) unanimously adopted a Model Privacy Regulation. Because Connecticut already had a law based on an earlier 1982 NAIC Model law, Connecticut lawmakers responded to the NAIC Model Privacy Regulation by incorporating the GLBA privacy requirements into its existing laws.⁵ The Connecticut Insurance Department also has regulations in place.⁶ Both the federal and the state data-related regulatory landscape go much broader for financial institutions. To take just a few examples, the Fair Credit Reporting Act deals concisely with consumer reports and Connecticut has a comprehensive insurance law relating to security breach notifications.⁷ Together, these laws are among the many that contribute to the existing significant privacy framework for financial institutions. A straight GLBA exemption for these entities would leverage the expertise of regulators and avoid confusion about the overlap between specific financial/insurance and general business laws.

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Connecticut has wide-ranging privacy protections in place for insurers today. While time to review the bill has been brief, NAMIC’s concerns are significant. NAMIC asks the Committee to weigh strongly the stability and value of existing laws and regulations and to not act hastily in a way that would confuse and complicate the requirements for those subject to comprehensive oversight of Connecticut functional regulators. **Please reject SB 1108.** Thank you.

¹ See https://www.cga.ct.gov/asp/cgabillstatus/cgabillstatus.asp?selBillType=Bill&bill_num=SB01108&which_year=2019

² NAMIC is the largest property/casualty trade association in the country, serving regional and local mutual insurance companies on main streets across America as well as many of the country’s largest national insurers. NAMIC consists of more than 1,400 property/casualty insurance companies serving more than 170 million auto, home, and business policyholders, with more than \$230 billion in premiums. In Connecticut, NAMIC member market share is over 40%.

³ See Assembly Bill 375 creating Title 1.81.5: https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB375

⁴ See 15 U.S.C. Sec. 6802

⁵ See Chapter 705, Connecticut Insurance Information and Privacy Protection Act, Sec. 38a-975 et seq. https://www.cga.ct.gov/2017/pub/chap_705.htm and

⁶ See CT Gen Stat Secs. 38a-8-105 et seq.

⁷ See CT Gen Stat Sec 38a-999b.