MEMORANDUM Opposing
Senate Bill 134:
An Act Concerning Consumer Privacy
Testimony to the Joint General Law Committee
February 25, 2020

Thank you for the opportunity to share the concerns of members of the National Association of Mutual Insurance Companies (NAMIC)\(^2\) with the Joint Committee On General Law. While noting the laudable goal of protecting consumer data, NAMIC’s members oppose the current version of Senate Bill 134, since insurance companies already face strict regulation of data usage and privacy under the Gramm-Leach-Bliley Act (GLBA) and the Connecticut Insurance Information and Privacy Protection Act (Sections 38a-975 to 38a-998). Due to the already existing consumer protections, the legislation as proposed may have a multitude of unintended consequences.

It is important to note that this legislation appears to closely mirror the California Consumer Privacy Act (CCPA), which is still in the process of being implemented and has even forced a Ballot Initiative to be filed with California’s Attorney General for the 2020 ballot. This is illustrative of the difficulty California has implementing broad standards and a one-size-fits-all approach to data security and consumer privacy. Before other states begin passing their own version of the CCPA, public policy decision-makers should carefully contemplate if this approach is truly the best course of action. Regardless of the difficulties in California, it also will be difficult and quite expensive for companies to operate in a 50-state patchwork of regulatory mandates for data privacy and security. Therefore, this issue should be tabled in favor of Congressional action or until a national model can be developed via stakeholder negotiations. By taking a momentary pause, it is the hope of NAMIC and our member companies that we can all learn from the struggles to implement the CCPA in California and work towards a national model through stakeholder negotiations.

Preserving the trust of policyholders is a true priority for insurance companies, which is why they already invest heavily in cybersecurity measures and adherence to state and federal regulatory standards for privacy and data security. Thankfully, this bill attempts to exempt companies already complying with the Gramm-Leach-Bliley Act and implementing regulations, however, as noted below there are several inconsistencies and redundancies which must be addressed to ensure that companies are not required to invest millions in unnecessary compliance requirements.

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\(^2\) See: [Connecticut Senate Bill 134](#)

\(^2\) 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 1,300 property/casualty insurance companies serving more than 135 million auto, home and business policyholders, with more than $208 billion in premiums accounting for 48 percent of the automobile/homeowners market and 33 percent of the business insurance market nationwide. In Massachusetts, NAMIC members write about 40% of the property-casualty insurance market.
Until a national standard can be achieved, or until companies and consumers are able to understand the complexity of the California statute, we urge this committee to vote no on Senate Bill 134. Below, NAMIC highlights additional issues with this legislation as currently drafted.

**Issues with the Definitions:**

“Consumer”—Section 1(7) defines “consumer” as “a natural person who resides in the Commonwealth.” Such term does not recognize that a “natural person” may fulfill multiple roles outside of their personal life which should not be subjected to the strict mandates of this bill. For instance, an employee or a “natural person” acting in their professional capacity in signing contractual agreements can be interpreted as a consumer under this legislation. Neither an employee’s data nor commercial transactions should be included in legislation designed to protect the sensitive data individuals may transmit as part of the daily private life. This definition is particularly concerning for workers’ compensation and commercial insurance companies as well as any company that utilizes independent agents, especially since the definition of “personal information” remains unnecessarily broad.

“Personal Information”—Section 1(15) defines “Personal information” as “any information relating to an identified or identifiable consumer. “Personal information” means information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household.” When combined with the concerns listed above regarding the definitional hazards of the term “consumer”, the boundless list of data sources that could be captured under this definition of “personal information” are troubling. While every line of insurance will face hurdles with this definition, it is important to highlight that household information, while not associated with one individual, could be captured under the definition, thusly impacting homeowner’s insurance underwriting. The same could also be said data that can be peripherally associated with the consumer that it triggers the opt-out provisions of this Act.

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Consumer data security and privacy remain a top concern for insurance companies, as they have been since prior to the passage of the GLBA. Imposition of such standards must also be taken in a wider view of the unintended consequences. For instance, this legislation may impact an insurance company’s federal and state obligations to check against databases for things like Medicare/Medicaid liens, child support liens, fire loss data reporting, and mandates to report vehicle statuses to theft and salvage databases. Beyond these questions and potential unintended consequences, Senate Bill 134 will be expensive and duplicative in compliance costs and/or impact Connecticut’s consumers negatively.

For the reasons above, NAMIC strongly urges you not to move forward with this legislation.