

STATEMENT

AMERICAN PROPERTY CASUALTY INSURANCE ASSOCIATION (APCIA)

S.B. No. 156 – AN ACT CONCERNING CONSUMER PRIVACY

COMMITTEE ON GENERAL LAW

February 25, 2021

The American Property Casualty Insurance Association (APCIA)¹ appreciates the opportunity to comment on Senate Bill No. 156, An Act Concerning Consumer Privacy. With members comprising nearly 60 percent of the U.S. property casualty insurance market, APCIA represents the broadest cross-section of home, auto, and business insurers of any national trade association.

Insurers value and prioritize consumer privacy. Insurers have been complying with a robust legal framework for protecting consumer privacy for over two decades. Insurers comply with the Federal Gramm-Leach-Bliley Act (GLBA) and all 50 states and the District of Columbia have adopted regulations implementing GLBA and/or have statutes consistent with and, in some instances, stricter than GLBA. In addition to GLBA, Connecticut insurers are subject to Conn Gen. Stat. §§38a-975 et seq., the “Connecticut Insurance Information and Privacy Protection Act” and Conn. Agencies Regs. §§38a-8-105 et. Seq., “Privacy of Consumer Financial Information.” This long-established privacy landscape appropriately balances consumer protection with the legitimate business needs of all parties to an insurance transaction.

SB156 raises significant concerns regarding unnecessary obstacles and potential unintended consequences that will overturn this long-established privacy framework.

The following is a non-exclusive list of fundamental concerns with SB156.

Private Right of Action (PRA)

SB156 contemplates creating a PRA, which APCIA strongly opposes. First, a PRA will lead to inconsistent legal interpretations further promoting divergent privacy expectations and legal obligations. Additionally, a PRA for violations of a complicated and uncertain privacy framework is unnecessarily punitive where adequate regulatory recourse exists.

Existing Framework Recognition

¹ Effective January 1, 2019, the American Insurance Association (AIA) and the Property Casualty Insurers Association of America (PCIAA) merged to form the American Property Casualty Insurance Association (APCIA). Representing nearly 60 percent of the U.S. property casualty insurance market, APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers. APCIA represents the broadest cross-section of home, auto, and business insurers of any national trade association. APCIA members represent all sizes, structures, and regions, which protect families, communities, and businesses in the U.S. and across the globe.

As stated above, the insurance industry is already subject to a long-established privacy landscape, nationally and in Connecticut, that addresses the disclosure, notification and opt-out issues highlighted by SB 156. It is a landscape that has adapted and evolved to meet consumer expectations. For instance, consumer notification must be carefully balanced to provide meaningful data at a frequency that does not inundate and confuse consumers. As such, privacy laws were modernized to eliminate redundant annual notice obligations opting for notification when there is a change in the entity's privacy policy.

It is important to avoid creating duplicative and potentially inconsistent obligations nationally and within the state of Connecticut. Our insurance regulators understand the unique business needs of the insurance industry and how privacy laws interact with those needs and consumer protection. Building on another layer of prescriptive unworkable laws and an additional regulatory enforcement body creates unnecessary confusion. As such, a comprehensive privacy bill must recognize existing frameworks and exempt entities that are already subject to existing requirements.

Consumer

Fundamentally, it is important to remember this is a consumer issue and the scope and definitions should be narrowly tailored to meet that objective. For example, employee data and data related to a commercial transaction should be exempt. Implementing and complying with opt-out and disclosure obligations could unnecessarily stall or even prevent a commercial transaction from moving forward if the scope of any comprehensive law is not appropriately narrowed to address personal consumer transactions.

Operational Effective Date

Legislators must recognize that it will take time to understand and implement the requirements of any new comprehensive law and should draft reasonable implementation timeframes.

The information above provides a few illustrations as to why SB156 may create unintended consequences that could potentially harm rather than benefit consumers. For these reasons we oppose SB156.

For the foregoing reasons, APCA urges your Committee NOT to advance this bill.