

**SB 156 & SB 893**

*Consumer Privacy Mandates*

**STATEMENT In OPPOSITION**

*To the Members of the General Law Committee*

February 25, 2021 Public Hearing

The National Association of Mutual Insurance Companies (NAMIC)<sup>1</sup> and its members, thank you for the opportunity to offer comments about legislation referenced above and urge subsequent study before any further action is taken.

Existing laws and regulations already address privacy protections for insurance consumers. Both the federal and the state data-related regulatory landscapes are broader for financial institutions than for businesses generally. Consider just a few examples. The federal Fair Credit Reporting Act addresses how consumer reports are handled and the Federal Trade Commission weighed-in with its Affiliate Marketing Rule. States also have their own privacy protections in place today, including protections provided because of a security breach. Title V of the Gramm-Leach-Bliley Act provides a privacy framework for financial services, including insurance. It sets forth notice requirements and standards for the disclosure of nonpublic personal financial information, and it specifically requires giving customers the opportunity to opt-out of certain disclosures. Importantly, GLBA allows for functional financial institution regulators to implement the privacy standards.

Given concerns with consistency, the National Association of Insurance Commissioners unanimously adopted a Model Privacy Regulation, and states have moved forward with that model. Together, these laws are among the many that contribute to the existing significant privacy framework for financial institutions. The existing regime has been working, with processes in place and regulators having authority to address concerns. Contrast this with large internet and technology companies, which are largely outside the regulated industries and are generally the target of proposals like what is under consideration in Connecticut.

As the scope of laws/regulations change, the analysis and impact change, too. Consider the many ways laws may vary from jurisdiction to jurisdiction and may change over time, examples include the definition of “personal information” or details on how a new one-size-fits-all mandatory method to categorize, communicate, and/or interface is structured. When laws and regulations change, businesses must review information and processes through a different lens, distinct from the previous requirements in a way that may not be consistent with its existing comprehensive data map or in vendor contracts, both of which may have undergone recent changes due to previous legislative/regulatory requirements or updates.

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<sup>1</sup> The National Association of Mutual Insurance Companies is the largest property/casualty insurance trade group with a diverse membership of more than 1,400 local, regional, and national member companies, including seven of the top 10 property/casualty insurers in the United States. NAMIC members lead the personal lines sector representing 66 percent of the homeowner’s insurance market and 53 percent of the auto market.



When considering imposing new standards, policymakers are well served in taking a wider view of possible conflicts and/or unintended consequences. Under existing laws, an insurance company may have federal and state compliance obligations to use data in several ways, including reporting and/or checking against databases for information that may help alert or inform in instances such as, fraud, child support liens, etc. Moreover, overbroad, or rushed measures may be expensive, result in duplicative compliance costs, increase litigation, and/or impact consumers negatively. Respectfully, the inclusion of a private-right-of-action (SB 156) is wholly unnecessary when considering that existing law sufficiently protects financial institutions' customers and will only lead to costly litigation and corresponding harms to employers and policyholders.

For these reasons, NAMIC and its member companies ask that you consider the potential grievous impact this legislation could have on the businesses and residents of Connecticut and take no further action. Thank you for your consideration.

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Respectfully Submitted,

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