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AGENTS ALLIANCE



AB 981 (Daly) -- SUPPORT

BACKGROUND:

In 2018, the Legislature passed the California Consumer Privacy Act of 2018 ("CCPA"), which was designed to regulate the collection and use of consumer's private personal information. The legislation was passed in the wake of the highly publicized data privacy scandals in the technology sector.

In 1980, California enacted insurance-specific, comprehensive standards for the collection, use and disclosure of personal information in connection with insurance transactions – for example, to underwrite applications for new policies and to pay claims submitted under these policies. The stated goal of the law was to balance the need for information to conduct the business of insurance and "the public's need for fairness in insurance information practices, including the need to minimize intrusiveness."

The industry as a whole supports robust regulation of personal information and we have long been diligent stewards of customers' highly sensitive personal information. We have managed consumers' sensitive medical and financial information appropriately far before it became "data."

The industry has supported the enactment of federal and state laws and regulations that provide a complex, broad and rigorous regulatory framework that has long required insurers to protect both the privacy and the security of their customers' personal information.

These laws reflect a critically important balance between insurers' need to use personal information to serve their existing and prospective customers, and consumers' legitimate privacy concerns.

PROBLEM:

When the Legislature passed the CCPA, it failed to acknowledge California Insurance Code, Sec. 791 which is the Insurance Information and Privacy Protection Act (IIPPA). This statute has long governed how the insurance industry protects consumers' information and includes robust requirements very similar to the CCPA.

Because the two laws do not complement each other, they create much confusion as to what body of law governs the insurance industry, including who is the regulator as it pertains to how the insurance industry protects consumers' data.

A framework of differing, duplicative or conflicting new rules provides no public value and, instead, could jeopardize the insurance industry's ability to effectively and efficiently protect the privacy and security of their customers' personal information.

SOLUTION:

AB 981 (Daly) amends the IIPPA to enhance consumer protections and make it clear that entities governed by the IIPPA are not subject to the CCPA. This will ensure continued consumer protection while avoiding different and conflicting standards which may work counter to the best privacy and security protection for consumers.

If there are additional consumer protections needed beyond those provided in the IIPPA, a much better solution would be to clarify such issues in the IIPPA. Trying to reconcile the CCPA with a long standing and well-vetted insurance-specific law will result in foreseeable legal conflicts, and jeopardize the critical balance achieved in current privacy and security laws applicable to and strongly supported by insurers.