



Date: March 4, 2022

To: The Honorable Tom Daly, Chair
The Honorable Chad Mayes, Vice Chair
Members, Assembly Insurance Committee

From: Rex D. Frazier, President
Seren Taylor, Senior Legislative Advocate
Allison Adey, Legislative Advocate

Re: AB 2372 (Calderon): Insurance: privacy notices.

Members:

STATE FARM

LIBERTY MUTUAL

PROGRESSIVE

MERCURY

NATIONWIDE

FARMERS

ALLSTATE

Associate Members:

NAMIC

CHUBB

CONNECT
by American Family

PIFC Position: Support

The Personal Insurance Federation of California (PIFC) is a statewide trade association that represents seven of the nation's largest property and casualty insurance companies including (State Farm, Farmers, Liberty Mutual Insurance, Progressive, Mercury, Nationwide and Allstate as well as associate members CHUBB, CONNECT by American Family Insurance, and NAMIC) who collectively write the majority of personal lines auto and home insurance in California.

The Fixing America's Surface Transportation (FAST) Act was enacted into law in 2015 and includes amendments to the Gramm-Leach-Bliley Act (GLBA) to eliminate the requirement for financial institutions to provide GLBA annual notices provided certain conditions are met. The Fast Act permits property and casualty insurers to send privacy notices to consumers only when there is a change in privacy policies, rather than annually at the time of renewal.

Every year, California insurance companies send out millions of the required annual notices, including a summary of plan coverage and privacy notices. This results in unnecessary, confusing, and costly paper notices going out every year.

In line with the changes to the GLBA, the National Association of Insurance Commissioners (NAIC) issued a model bulletin recommending that states adopt the new amendments to the GLBA. The amendment recommended that an insurer subject to the GLBA annual notice requirement is not required to provide the annual privacy notice provided the licensee meets the following conditions:

- (i) Provides nonpublic personal information to nonaffiliated third parties only in accordance with related state regulation or statute; and
- (ii) Has not changed its policies and practices with regard to disclosing nonpublic personal information from the policies and practices that were disclosed in the most recent disclosure sent to consumers in accordance with state regulations or statute.

At any time, if a licensee fails to comply with any of the criteria described above, the licensee is required to provide the annual privacy notice. Also, all licensees must continue to provide GLBA initial privacy notices as required.

This bill would exempt an insurance institution or agent from providing the annual required notice if the above criteria are met.

Ensuring consumers receive the additional privacy notices only when there is a change in the existing privacy policy will not only reduce paper mail waste but will help reduce consumer confusion by focusing their attention on notices that actually include important changes to their privacy policy.

AB 2372 will update California law to conform with the 2015 GLBA amendments and allow insurers to send notices on the privacy policy only when a change has been made to the privacy policy. The change touches only the paper notices and does not affect requirements ensuring that the notice is available online and at the request of the consumer, or the requirement to provide other annual notices. For these reasons PIFC **is proud to sponsor AB 2372**. If you have any questions regarding PIFC's position, please contact Allison Adey at (916) 442-6646 or aadey@pifc.org.

CC: Assemblymember Lisa Calderon, Author
Claire Wendt, Principal Consultant, Assembly Insurance Committee
Bill Lewis, Assembly Republican Caucus
Jessica Devencenzi, Deputy Legislative Secretary, Office of the Governor
Michael Martinez, Senior Deputy Commissioner and Legislative Director, California Department of Insurance