



ASSEMBLY FLOOR ALERT

Date: May 13, 2022

To: Members, California State Assembly

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

Re: AB 2372 (Calderon): Insurance: privacy notices, as amended, April 7, 2022.

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, NAMIC, and Kemper) 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 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 intended to clarify that a licensee of the insurance department that is 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.

Members:

STATE FARM

LIBERTY MUTUAL

PROGRESSIVE

MERCURY

NATIONWIDE

FARMERS

ALLSTATE

Associate Members:

NAMIC

CHUBB

CONNECT
by American Family

KEMPER

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 as required by state regulation or statute. Also, all licensees must continue to provide GLBA initial privacy notices as required. This bill would codify the requirement to annually provide a clear and conspicuous privacy notice to customers. The bill would exempt an insurance institution or agent from providing that required notice if the above criteria are met. AB 2372 would authorize the notice to be combined with the notice provided in connection with specified insurance transactions.

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
Jessica Devencenzi, Deputy Legislative Secretary, Office of the Governor
Michael Martinez, Senior Deputy Commissioner and Legislative Director, California Department of Insurance