



Date: April 5, 2023

To: Honorable Susan Rubio, Chair
Honorable Janet Nguyen, Vice Chair
Members, Senate Insurance Committee

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

Re: SB 793 (Glazer): Insurance: privacy notices and personal information.

PIFC Position: Support

The Personal Insurance Federation of California (PIFC) is a statewide trade association that represents nine of the nation's largest property and casualty insurance companies. These companies include State Farm, Farmers, Liberty Mutual Insurance, Progressive, Mercury, Nationwide, Allstate, CONNECT by American Family Insurance and Kemper as well as associate members CHUBB, NAMIC, and Interinsurance Exchange of the Automobile Club (Automobile Club of Southern California). Collectively, these insurance companies 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 federal Gramm-Leach-Bliley Act (GLBA) to eliminate the requirement for financial institutions to provide GLBA annual notices unless their privacy policy has changed during the preceding year. 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 full-length 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.

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

Members:

STATE FARM

LIBERTY MUTUAL

PROGRESSIVE

MERCURY

NATIONWIDE

FARMERS

ALLSTATE

CONNECT
by American Family

KEMPER

Associate Members:

NAMIC

CHUBB

INTERINSURANCE EXCHANGE
OF THE AUTOMOBILE CLUB
(Automobile Club of
Southern California)

regulation or statute. Also, all licensees must continue to provide GLBA initial privacy notices as required. This bill recognizes the benefits that simplified notices provide, and creates a California structure to bring those benefits to California consumers. The bill would exempt an insurance institution or agent from providing that required notice if the above criteria are met and would require that a more simplified statement of critical rights be sent out with information on accessing the full privacy policy. SB 793 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.

SB 793 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 **supports SB 793**. If you have any questions regarding PIFC's position, please contact Allison Adey at (925) 285-6621 or aadey@pifc.org.

Cc:

Senator Steve Glazer, Author
Jill Rice, Principal Consultant, Senate Insurance Committee
Tim Conaghan, Consultant, Senate Republican Caucus
Christine Aurre, Deputy Legislative Secretary, Office of the Governor
Michael Martinez, Senior Deputy Commissioner and Legislative Director, California Department of Insurance