

TO: Members of the Committee on Commerce and Economic Development

FROM: Rory Whelan, Regional Vice President

DATE: February 23, 2023 --- Public Hearing

RE: H. 121 --- Relating to Consumer Privacy

The National Association of Mutual Insurance Companies (NAMIC)<sup>1</sup> and its members, thank you for the opportunity to express opposition to legislation referenced above and request appropriate amendments.

NAMIC consists of more than 1,500 member companies, including seven of the top 10 property/casualty insurers in the United States. The association supports local and regional mutual insurance companies on main streets across America as well as many of the country's largest national insurers.

The property and casualty insurance industry takes consumer privacy very seriously and have been subject to numerous laws and regulations for years for the protection of consumer data. Our industry's commitment to appropriate use and safeguarding of consumer information has helped establish what has become a comprehensive federal and state regulatory framework governing the use and disclosure of personal information for the insurance industry. NAMIC appreciates the sponsor's thoughtful intent to strengthen Vermont's consumer privacy laws but urges the sponsor and committee to consider amendments that would expand the proposed GLBA exemption to include property and casualty insurers.

### **REQUEST for AMENDMENTS: Exceptions for GLBA-Subject Financial Institutions**

While H. 121 includes a GLBA exemption for other "financial institutions" (banks, credit unions, etc.) this exemption does not appear to apply to property & casualty insurers. Therefore, NAMIC requests an amendment that includes a GLBA exemption that clearly applies to both data and entity subject as follows:

The current bill language and NAMIC's suggested amendment (red text) are as follows:  
**(d) This section does not apply to any of the following:**

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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 1,500 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.



**(1) any bank, credit union, or financial institution as defined under the federal Gramm Leach Bliley law Gramm-Leach-Bliley Act that is subject to the regulation of the Office of the Comptroller of the Currency, the Federal Reserve, the National Credit Union Administration, the Securities and Exchange Commission, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision of the U.S. Department of the Treasury, or the Department of Financial Regulation and is subject to the privacy and security provisions of the Gramm Leach Bliley Gramm-Leach-Bliley Act, 15 U.S.C. 15 § 6801 et seq., or any insurer or insurance agency that is subject to privacy rules adopted by the office of the financial regulation commissioner pursuant to Vt. Code R. 4-2-10:1 to 4-2-10:26;**

When considering the broad privacy landscape, NAMIC encourages state legislators to fully understand all the existing frameworks of laws and regulations currently in place, which can vary significantly from industry to industry. New provisions would not be enacted in a vacuum. This is especially true for insurance -- each state and the federal government already has robust laws/regulations to address data privacy, security, and other requirements. By recognizing that this is not a blank slate and to forestall confusion and conflicts, NAMIC advocates that new provisions are not a disconnected additional layer of obligations. To avoid unintended consequences, NAMIC encourages policy makers to recognize existing laws and regulations.

Given the vital business purposes for data in the insurance transaction, historically policy makers have recognized the significant role information plays in insurance and, with certain protections in place, they have allowed collection, use, and disclose for operational and other reasons.

Title V of the Gramm-Leach-Bliley Act (GLBA) provides a landmark privacy framework for financial services, including insurance. It sets forth notice requirements and standards for the disclosure of nonpublic personal financial information – it specifically requires giving customers the opportunity to opt-out of certain disclosures. Under GLBA, functional financial institution regulators implemented the privacy standards. Given concerns with consistency, the National Association of Insurance Commissioners (NAIC) has adopted multiple model laws regarding data privacy and cybersecurity<sup>3</sup>. And states have moved forward with adopting those models.

When it comes to retaining information, today insurers are already subject to specific record retention requirements. This information is important for several reasons. Insurers need to have information available for claims and litigation and insurance regulators rely on data for market conduct purposes. Again, insurance-related data is subject to numerous existing laws and regulations.

Thank you for your consideration of our proposed amendment.