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I am writing on behalf of the American Council of Life Insurers (the “ACLI”). Thank you for the opportunity to submit comments on LD 1977, An Act to Create the Data Privacy and Protection Act sponsored by Representative O’Neil.

The insurance industry is a consumer privacy leader in support of clear obligations in the appropriate collection, use and sharing of personal information. ACLI has long advocated for common-sense, consumer-oriented policy proposals. For over 175 years, life insurers have ably managed consumers’ sensitive medical and financial data and as an industry, we advocate for sound public policy.

Insurers must collect and use personal information for risk management, to comply with a complex array of federal, state, and sector-specific laws and regulations, and to perform essential business functions to provide the innovative insurance and financial products that consumers seek to meet their needs and our customer’s demand. Insurers use personal information for a host of business purposes, such as to underwrite applications for new insurance policies, to pay claims submitted under these policies, to provide customer service, to combat fraud and to offer investment and retirement products.

Our policyholders are protected by a wide range of state and federal laws safeguarding their information from unauthorized use, and they can expect life insurers to make smart and responsible decisions to keep personal information secure. A major component of the existing framework is the federal Gramm Leach Bliley Act:

Gramm Leach Bliley

The federal Gramm Leach Bliley Act (“GLBA”) imposes transparency, confidentiality, and security obligations on all financial institutions, including life insurers, with respect to nonpublic personal information obtained and used by these institutions. The GLBA imposes safeguards regarding the collection, disclosure, and protection of consumers’ nonpublic personal information and personally identifiable information.

The GLBA establishes that each financial institution, including each insurer, has an affirmative and continuing obligation to respect the privacy of its customers and to protect the security and confidentiality of those customers' nonpublic personal information.

Under the GLBA, insurers must:

- Provide customers with a clear and conspicuous initial and annual privacy notice describing their data collecting and handling practices and the conditions under which information may be disclosed to non-affiliated third parties. ;
- Secure data through administrative, technical, and physical safeguards;
- Provide consumers with rights to, and limit certain disclosures of their non-public personal information;
- Implement a proactive compliance program; and
- Limit the reuse and marketing of a consumer's information.

The proposed bill would add complexities, expenses of implementation and even potentially inconsistencies to existing comprehensive privacy laws that govern insurers and will inevitably result in conflicting scopes, definitions, notice requirements and consumer rights. Many other states, including Connecticut, Colorado, Delaware, Virginia, and Utah, recognize how a comprehensive state privacy law would adversely impact the financial services industry by including an exemption from their laws for entities that are otherwise regulated by GLBA or state privacy laws. We strongly recommend adoption of a similar entity-level exemption, which would exempt financial services entities that are regulated by the GLBA. Without an entity level exemption, consumers and insurers alike face the uncertainty created by duplicative and even conflicting rules.

Consumers and companies need privacy requirements that are consistent and equivalent across state borders, provide equal protections to all consumers regardless of where they are located, support growth and innovation, and which provide legal transparency. Differing privacy standards will lead to consumer confusion, differing consumer rights and protections, obstruct the flow of information, and impede interstate commerce. Differing state privacy approaches are confusing and frustrating to consumers facing divergent rights to control over their personal information based upon where they live or with whom they are doing business. These conflicts must be taken into consideration as you work to develop comprehensive obligations regarding the use of personal information which applies equally and uniformly to all industries.

ACLI is proud of our member companies' longstanding role as conscientious and responsible guardians of customers' vulnerable personal information. We remain strongly committed to the proper use and protection of consumer data.

We thank you for your consideration of our comments.

A handwritten signature in black ink that reads "Michelle Carroll Foster". The signature is written in a cursive, slightly slanted style.

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