
SENATE COMMITTEE ON INSURANCE

Senator Susan Rubio, Chair

2023 - 2024 Regular

Bill No:	SB 793	Hearing Date:	April 12, 2023
Author:	Glazer		
Version:	April 10, 2023		
Urgency:	No	Fiscal:	Yes
Consultant:	Jill Rice		

SUBJECT: Insurance: privacy notices and personal information

DIGEST: This bill allows for an insurer to send privacy policy notices once initially and thereafter *only* when a change has been made in the policy to satisfy the privacy notice requirements of the Insurance Information and Privacy Protection Act (IIPPA).

ANALYSIS:

Existing law:

- 1) The IIPPA, establishes standards for the collection, use, and disclosure of information gathered by insurers in connection with insurance transactions.
 - a) Requires an insurer to provide a written notice of information practices to all applicants or policyholders in connection with insurance transactions, as specified.
 - b) Gives insurers the option of providing a detailed notice or an abbreviated notice. The abbreviated notice (provided in almost all cases by insurers) informs consumers that personal information may be collected from persons other than the individual or individuals proposed for coverage, such information may be disclosed to third parties without authorization in certain circumstances, a right of access and correction exists with respect to all personal information collected, and the detailed notice will be provided to the applicant or policyholder upon request (Insurance Code Section 791.04).
- 2) Allows an insurer to disclose personal or privileged information about an individual, which is collected or received in connection with an insurance transaction, if the disclosure complies with specified statutory requirements, including that an insurer may share personal or privileged information about an individual with an unaffiliated third party whose only use of the information will be in connection with the marketing of a product or service, as long as the individual is given an opportunity to opt out of this information-sharing.
- 3) Provides, pursuant to the Graham-Leach Bliley Act (GLBA) the federal privacy protection act to which insurers are beholden, financial institutions an exemption to the requirement under the GLBA to deliver an annual privacy notice. A financial institution can use the annual notice exception if it limits its sharing of customer information so that the customer does not have the right to opt out, and has not changed its privacy notice from the one previously delivered to its customer. This notice is in addition to the IIPPA notice described above but may be provided

contemporaneously with the IIPPA notice. If provided, the abbreviated notice must describe a reasonable means by which the consumer may obtain the more detailed notice.

This bill:

Integrates the Graham-Leech Bliley Act (GLBA) amendment into California law by requiring insurers to send privacy policy notices once initially and thereafter *only* when a change has been made in the policy. This bill also requires certain rights to be specified for the consumer in the notice.

Background

Notices to consumers are only effective so long as they are meaningful. A phenomenon has been noted that the more frequent, numerous, lengthy notices are the less likely consumers are to read them. Given the importance of privacy notices, it is critical that notice for privacy rights be enacted and distributed in a manner most likely to inform consumers. In 2015 the federal government adopted an amendment to the GLBA, as part of the Fixing America's Surface Transportation Act (FAST Act), which would allow insurers to send their annual GLBA notices only when there is a change to the privacy policy. The intent is to flag to consumers that there is a change and that the notice requires their attention. California is one of three states that has not adopted the amendment to the GLBA, frequently referred to as the FAST Act amendment. SB 793 would integrate the amendment into California law. This bill also requires certain rights to be specified for the consumer in the notice. Some of these right include the right to submit a written request to access, correct, amend, or delete the consumer's personal information, the right to receive a response within 30 business days of the consumer submitting such a request, and if the insurance institution refuses the consumer's request, the right of the consumer to file a statement regarding what the consumer believes to be accurate and fair information in support of their request and why the consumer disagrees with the insurance institution's refusal.

Related/Prior Legislation

AB 2372 (Calderon)(2022) This bill would have codified the requirement to annually provide a clear and conspicuous privacy notice to customers. The bill would have exempted an insurance institution or agent from providing that required notice if specified criteria were met. The bill would have authorized the notice to be combined with the notice provided in connection with specified insurance transactions.

ARGUMENTS IN SUPPORT

The American Property Casualty Insurance Association argues that SB 793 will bring California insurance law into line with GLBA and changes made in many other states' insurance privacy laws by requiring insurers to send privacy police policy notices once initially and thereafter *only* when a change has been made in the policy. They emphasize that this does not change the requirement that an insurer's privacy policy be available online and that it be provided at any time at a customer's request. This change is a consumer-friendly one in that it will reduce the deluge of privacy notices consumers

receive and will more effectively call their attention to notices they do receive when a privacy policy has changed.

According to Personal Insurance Federation of California, 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.

SUPPORT:

American Council of Life Insurers
American Property Casualty Insurance Association
Association of California Life and Health Insurance Companies
Pacific Association of Domestic Insurance Companies
Personal Insurance Federation of California

OPPOSITION:

None Received

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