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Protecting Insurance Consumer Privacy and Security

- *State insurance regulators are committed to ensuring the insurers, agents, and brokers they regulate are protecting the many kinds of highly sensitive consumer financial and health information they retain.*
- *Insurance privacy protection laws have been widely adopted by states and regulators continue to review and update state insurance privacy protections to ensure that consumer data privacy is protected.*
- *Insurance regulators also continue to upgrade data security safeguards through standards, the examination processes, and model laws.*
- *Any federal legislation addressing data privacy and data security safeguards must not undermine or preempt state insurance laws and regulations so that insurance regulators can continue working in the best interests of insurance consumers.*

Background

State insurance regulators have long been committed to ensuring that policyholders' information is protected from unauthorized use and disclosure, and periodically make changes to their laws and regulations to keep pace with evolving technology. All states have adopted the NAIC's *Privacy of Consumer Financial and Health Information Regulation*, which was drafted in response to Gramm-Leach-Bliley Act (GLBA) requirements. This regulation requires insurers to provide notice to consumers about their privacy policies; describes the conditions under which a licensee may disclose nonpublic personal health and financial information about individuals to affiliates and nonaffiliated third parties; and provides methods for individuals to prevent a licensee from disclosing that information. In addition, the NAIC's *Insurance Information and Privacy Protection Model Act* establishes standards for the collection, use, and disclosure of information gathered in connection with insurance transactions. The NAIC's Privacy Protections Working Group is currently reviewing both models for potential updates.

All states also have data security standards that comply with those set forth in GLBA and in recognition that the standards governing the protection of insurance consumer information must evolve to keep pace with cyber risks, in 2017, the NAIC adopted the *Insurance Data Security Model Law*. States continue to adopt this model law, which updates state insurance regulatory requirements relating to data security, the investigation of a cyber event, and the notification to state insurance regulators of cyber events. The NAIC also continues to update examination guidance to ensure insurers can address potential cybersecurity risks and respond to any breaches. Further, state insurance regulators and the NAIC have collaborated with the U.S. Department of Treasury to facilitate tabletop exercises with insurers to explore cybersecurity incident response and recovery across the insurance sector.

Key Points

- ✓ The NAIC opposes any legislative efforts that would undermine state insurance laws or prohibit state insurance regulators from protecting policyholders in their state.
- ✓ Federal enforcement of data privacy and data security regulations and single-state solutions are fundamentally at odds with the strong existing state-based regulatory regime for insurance.
- ✓ Insurance commissioners have the expertise and experience with local insurance markets and are best positioned to protect a state's insurance consumers.