July 28, 2023

Katie Johnson, Chair
Privacy Protections (H) Working Group
National Association of Insurance Commissioner
110 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

Attn: Lois Alexander, NAIC Market Regulation Manager
By email: lalexander@naic.org

RE: CCIA Comments on Exposure Draft of July 11, 2023, of Insurance Consumer Privacy Protection Model Act #674

Dear Chair Johnson,

The Consumer Credit Industry Association appreciates the opportunity to comment to the Working Group on the exposure draft of July 11, 2023, of Insurance Privacy Protection Model Act #674.

We continue to express our concern that the Model Act is expanding its scope of requirements to licensees’ non-insurance products and services. The Model Act should apply its requirements only to products that the state insurance codes and state regulators recognize and regulate as insurance products, consistent with other NAIC Model Acts.

Many licensees offer non-insurance products to enable holistic planning for consumer financial security. The state insurance codes exempt, and regulators explicitly recognize as non-insurance, such licensee products as GAP waiver, debt cancellation agreements, service contracts, and motor club products.

Accordingly, to explicitly and clearly exempt from the Model Act a licensee’s non-insurance business CCIA recommends that a new subsection D. be added to Model Act Section 1., “Purpose and Scope”, as follows:

\[D. \text{ This Act shall not be applicable to or govern a licensee’s collection, processing, retention, use, or sharing of any individuals’ information involving or in connection with non-insurance products or services.}\]
We make this recommendation considering that the current exposure draft seems to confirm an intent to regulate non-insurance products offered by licensees in a similar manner as insurance products. The Model Act includes numerous references to financial products and services which by definition are not limited to insurance products.

An example is found in Section 2.V.(6) which may expand the definition of insurance transaction to include offering, selling, or servicing a financial product or service without more appropriate limits to include only insurance products or services regulated as such under the state insurance codes:

Offering, selling, or servicing of a financial product or service (emphasis added) of the licensee or its affiliates.

The new Section 2.O defines “financial product or service” without limitation to only products and services regulated as insurance under the state insurance codes further compounds our concern that a licensees’ non-insurance business will be swept into this Model Act.

Accordingly, we further recommend that Section 2.V.(6) be removed from the Model Act.

We remain uncertain as to the purpose of all other references to financial products or services and will not address them here. Regardless, the exposure draft in every way or intent needs to limit its scope of regulation to insurance products and not willfully or inadvertently apply itself to products which are not insurance, including those which the licensee may market to or with financial institutions.

The Model Act should, consistent with state insurance codes, clearly exempt non-insurance products from its scope starting with our recommendations to add a new subsection D. to Section 1., and delete Section 2.V.(6).

Thank you for accepting our comments, and we look forward to working with you to provide an effective Model Act that recognizes the complexity and variation of licensees’ insurance and non-insurance products and services.

Sincerely,

John Escorma