



# Insuring California's Future

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## Insurance Industry Perspectives on Privacy

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California currently offers the strongest consumer privacy protections in the nation, including laws on identification theft, use of social security numbers, credit histories and do-not-call protection. In addition, California insurance companies have been operating under separate state privacy laws for more than two decades. As the legislature debates the value of additional privacy protection, it ought to do so with the objective of truly providing consumer benefit. PIFC offers the following facts and perspectives for those lawmakers intent on enacting additional privacy laws.

### • California insurance companies have operated under strict privacy laws for more than two decades

- The insurance industry is unique in that it has already operated under existing state privacy laws for more than two decades as required by the Insurance Information and Privacy Protection Act of 1982 (IIPPA). New privacy regulations adopted by the Insurance Commissioner provide additional privacy protections.
- Among the requirements of IIPPA, insurance companies in California are:
  - i. Prohibited from disclosing any personal or privileged information about an individual, collected or received in connection with an insurance transaction without the written authorization of the individual, except for the specific purposes expressly allowed under the law.
  - ii. Required to provide notice of their privacy practices to all applicants and to all policyholders annually.
  - iii. Prohibited from disclosing medical information about a consumer without the consumer's written permission. Insurers are also required to take specific steps to protect the security of policyholders' personal information.

#### Did you know??

PIFC member insurance companies do not sell customers' personal financial information.

### • Privacy laws should not and need not come at the expense of consumer choice, savings or convenience

Legislators interested in taking additional steps to protect constituents' privacy should act carefully to ensure they:

- Focus on enacting stronger protections against identity theft, including stronger penalties and more law enforcement resources to prosecute identity theft perpetrators.
- Preserve consumer access to "one-stop-shopping" within a family of companies and allow affiliated companies to continue to offer and provide consumers with cost-saving products and services. As such, affiliates within the same corporate family, offering the same or similar types of financial products, should be allowed to share information for business purposes.
- Allow information sharing between insurance companies and insurance agents to ensure customers needs can be properly handled.
- Are applied uniformly so as to minimize confusion among consumers and maintain a level playing field among competing businesses.