

PERSONAL INSURANCE FEDERATION OF CALIFORNIA
980 Ninth Street, Suite 2030
Sacramento, CA 95814

Phone: 916-442-6646

Fax: 916-446-9548

Contact: Jerry Davies

E-mail: jdavies@pifc.org

**PIFC EXPLAINS REASONS FOR OPPOSING
PRIVACY BILL SB 1 UNLESS IT IS AMENDED**

Sacramento, CA (March 3, 2003) – Exorbitant costs to businesses in California, a cumbersome duplicative noticing requirement and no real enforcement of identity theft are some of the reasons the Personal Insurance Federation of California (PIFC) opposes Senate Bill 1 (SB 1) authored by Senator Jackie Speier. The bill passed the California Senate today after quickly sliding through two Senate Committees in February.

“The California Legislature has already enacted 40 privacy bills just in the last three years,” stated Diane Colborn, vice president of legislative and regulatory affairs for PIFC. “SB 1 is just another measure that does not address key privacy issues such as identity theft. The mandated ‘California only’ notices would be in addition to the privacy notices already required under existing federal and state laws and adds millions of dollars in additional costs to businesses. Also under SB 1, consumers’ personal information would be treated differently depending on the structure of companies with which they do business,” Colborn added.

PIFC’s member companies support the right of privacy and have an excellent record of protecting the privacy of their customers. Insurance companies have been operating under a state privacy law enacted in 1980 and do not sell personal information to third parties. Our members carefully guard their customer lists from competitors,” she added.

SB 1 will adversely affect the ability of companies to do business if not corrected. Other concerns include:

• Use of Information for Marketing

SB 1 applies broadly to the sharing of personal information, and a significant concern of the insurance industry is that this approach will result in unintended consequences, including restricting the sharing of information for legitimate business purposes that are not expressly exempt.

• Affiliates

SB 1 restricts the sharing of information among affiliates that are part of the same

family group of companies. This restriction interferes with the ability of insurers to offer customers an integrated package of products and services.

- Insurance Agents

Although SB 1 includes language partially exempting insurance agents, the exemption is unclear and does not specifically allow companies to share information with their agents.

Colborn concluded by stating that new privacy laws should provide necessary and useful privacy protection without impairing business or harming the state's economy.