



Testimony of
American Property Casualty Insurance Association (APCIA)
Senate Finance Committee
SB 698 Consumer Protection - Online and Biometric Data Privacy
March 8, 2023

Support with Amendments

The American Property Casualty Insurance Association (APCIA) is the primary national trade organization representing nearly 60 percent of the U.S. property casualty insurance market. Our members write approximately 62.7 percent of total property and casualty insurance sold in Maryland. APCIA appreciates the opportunity to provide written comments regarding Senate Bill 698.

It is important to avoid creating duplicative and potentially inconsistent obligations nationally and within the state of Maryland. Our insurance regulators understand the unique business needs of the insurance industry and how privacy laws interact with those needs and the need for effective consumer protection. Building on another layer of prescriptive laws and an additional regulatory enforcement body can create unnecessary confusion and have unintended consequences, such as interfering with existing compliance requirements. As such, a comprehensive privacy bill must recognize existing frameworks and exempt entities that are already subject to proven, effective existing requirements and regulatory regimes.

Insurance licensees operating in Maryland are already governed by a comprehensive framework for the protection of personal information. Specifically, Maryland's regulations, (31.16.08 et. seq.) "Privacy of Consumer Financial and Health Information" already regulate the collection, use and disclosure of nonpublic personal information gathered about individuals by all insurance licensees. This rule:

1. Requires a licensee to provide notice to individuals about its privacy policies and practices;
2. Describes the conditions under which a licensee may disclose nonpublic personal health information and nonpublic personal financial information about individuals to affiliates and nonaffiliated third parties; and
3. Provides methods for individuals to prevent a licensee from disclosing nonpublic personal financial information and nonpublic personal health information.

In addition, insurers are subject to the federal *Gramm-Leach-Bliley Act* (GLBA), which requires that financial institutions (including insurers) maintain consumer privacy protections. The GLBA also regulates how such institutions may disclose certain consumer information to non-affiliated third parties. GLBA is an established and comprehensive law that provides robust protections for consumers. Entities and the data they collect that are subject to GLBA should be completely exempt from the requirements imposed by this legislation.

The inclusion of this exemption is necessary to ensure the proper functioning of existing privacy laws for Maryland public and private entities that rely on this data. Due to the comprehensiveness of this existing, effective federal oversight scheme, many state privacy laws already exempt financial institutions subject to the GLBA and the data that they collect. We appreciate that Senate Bill 698 **does include a GLBA exemption for**

financial institutions or an affiliate of a financial institution, but it currently fails to include data subject to GLBA, which we believe is also necessary to exempt.

Therefore, we respectfully request the following language be added: (pg 11-Lines 15-16)

15 (III) AN ENTITY, OR AN AFFILIATE OF AN ENTITY, **OR DATA** SUBJECT TO
16 AND IN COMPLIANCE WITH THE FEDERAL GRAMM–LEACH–BLILEY ACT;

Once again, thank you for the opportunity to provide comments and request this simple amendment to Senate Bill 698.

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