

**Senate Finance Committee**

**MARYLAND SB 541: Consumer Data Privacy**

**Favorable w/Amendment | February 14, 2024**

Chair Beidle and Members of the Senate Finance Committee:

On behalf of the National Association of Mutual Insurance Companies<sup>1</sup> (NAMIC) thank you for the opportunity to submit this statement of Favorable with Amendment (FWA) to Senate Bill 541.

NAMIC consists of nearly 1,500 member companies, including seven of the top 10 property/casualty insurers in the United States. The association supports local and regional mutual insurance companies on main streets across America as well as many of the country's largest national insurers.

The insurance industry takes consumer privacy very seriously and have been subject to numerous laws and regulations for years for the protection of consumer data. Our industry's commitment to appropriate use and safeguarding of consumer information has helped establish what has become a comprehensive federal and state regulatory framework governing the use and disclosure of personal information for the insurance industry.

**Exceptions for GLBA-Subject Financial Institutions**

NAMIC is very appreciative of the inclusion of GLBA exemption language in House Bill 567 and would respectfully request the exemption be amended slightly to include 'data' as well as citing the implementing regulations of Title V of the Gramm-Leach Bliley Act of 199 in the Maryland Insurance Code Sec. 2-109.

When considering the broad privacy landscape, NAMIC encourages legislators to fully understand all the existing frameworks of laws and regulations currently in place, which can vary significantly from industry to industry. New provisions would not be enacted in a vacuum. This is especially true for insurance -- each state and the federal government already has robust laws/regulations to address data privacy, security, and other requirements. By recognizing that this is not a blank slate and to forestall confusion and conflicts, NAMIC advocates that new provisions are not a disconnected additional layer of obligations. To avoid unintended consequences, NAMIC encourages policy makers to recognize existing laws and regulations.

Given the vital business purposes for data in the insurance transaction, historically policy makers have recognized the important role information plays in insurance and, with certain protections in place, they have allowed collection, use, and disclose for operational and other reasons.

Title V of the Gramm-Leach-Bliley Act (GLBA)<sup>2</sup> provides a landmark privacy framework for financial services, including insurance. It sets forth notice requirements and standards for the disclosure of nonpublic personal

<sup>1</sup> NAMIC member companies write \$357 billion in annual premiums and represent 69 percent of homeowners, 56 percent of automobile, and 31 percent of the business insurance markets. Through its advocacy programs NAMIC promotes public policy solutions that benefit member companies and the policyholders they serve and fosters greater understanding and recognition of the unique alignment of interests between management and policyholders of mutual companies.

<sup>2</sup> See 15 U.S.C. Sec. 6801 et. seq.



financial information – it specifically requires giving customers the opportunity to opt-out of certain disclosures. Under GLBA, functional financial institution regulators implemented the privacy standards. Given concerns with consistency, the National Association of Insurance Commissioners (NAIC) has adopted multiple model laws with regard to data privacy and cybersecurity<sup>3</sup>. And states have moved forward with adopting those models. For insurers, the Maryland Insurance Administration (MIA) regulates privacy matters (including consistent with Md. Code regs. 31.16.08.01 to 31.16.08.24) and provides robust oversight.

When it comes to retaining information, insurers are already subject to specific record retention requirements. This information is important for several reasons. Insurers need to have information available for claims and litigation and insurance regulators rely on data for market conduct purposes. Again, insurance-related data is subject to numerous existing laws and regulations.

While NAMIC is pleased to see the inclusion of a GLBA exemption in SB 541, the exception should apply to both the data and entity subject to the GLBA as follows:

**(3) A Financial Institution or affiliate of a financial institute or *data* that is subject to Title V of the Federal Gramm-Leach-Bliley Act and regulations adopted under the act and the rules and implementing regulations promulgated thereunder or to Maryland Insurance Code Ann. Sec. 2-109 and the rules and implementing regulations promulgated thereunder.**

Thank you for taking the time to consider our position on Senate Bill 541.

Sincerely,

Matt Overturf  
Regional Vice President  
Ohio Valley/Mid-Atlantic Region

<sup>3</sup>See NAIC Model Laws [668](#), [670](#), [672](#), [673](#)