

September 27, 2021

Members of the Minnesota House Commerce Finance and Policy Committee

MN HF 1492

The American Property Casualty Insurance Association (APCIA) is the primary national trade association for home, auto and business insurers. Nationally, APCIA members provide a significant amount of both personal lines' and commercial lines' insurance. In Minnesota, APCIA members provide \$6.8 billion or about 54 percent of the insurance utilized by the state's individuals and businesses.

I would like to direct my comments to the provisions of MN HF 1492: (<https://www.revisor.mn.gov/bills/bill.php?f=HF1492&b=house&y=2021&ssn=0>), the "Minnesota Consumer Data Privacy Act," the legislation pending before the committee today.

Consumer privacy and data security are priority issues for the insurance industry and insurers devote considerable resources to protect customer data, information systems, and to build consumer trust. As financial institutions, insurers are subject to the federal Gramm Leach Bliley Act (GLBA). In addition, all 50 states and the District of Columbia have adopted insurance regulations implementing GLBA and/or have statutes consistent with and, in some instances, stricter than GLBA. Specifically, Minnesota adopted the "Minnesota Insurance Fair Information Reporting Act" (Minn. Stat. §72A.49---72A.505) in the 1980's. Further, insurers are subject to financial and market regulation by the Minnesota Department of Insurance. As such, the current privacy framework for insurers is built on a strong and robust legal and regulatory framework that has evolved well to meet consumer expectations.

The language in HF 1492, specifically the bill's apparent double regulation of insurer practices caused by overlaying the current framework with the new provisions in this bill, raises significant concerns regarding unnecessary obstacles and potential unintended consequences that will overturn this long-established privacy framework. If HF 1492 is enacted, insurers will be forced to balance how to effectively manage differing obligations, but they will also be subject to dual enforcement. This is particularly troublesome from a compliance standpoint, not to mention that it is likely to be a new and expensive regulatory burden for an individual insurer.

There is a way to address a majority of our dual insurance regulation and compliance concerns however and that would be to clarify the provisions in Section 3, Subdivision (8) of HF 1492 to read as follows: "A financial institution or an affiliate of a financial institution as defined by and that is subject to the Federal "Gramm-Leach-Bliley Act", 15 U.S.C. Sec 6801 et seq., as amended, and implementing regulations, including Regulation P, 12 CFR 1016." This language provides for an entity-based exemption from the dual regulatory challenge presented by the legislation and is consistent with recent comprehensive privacy legislation that was enacted in CO.

Thank you for the opportunity to provide these comments. I would be glad to try and answer any questions.

MN Section 72A.49-72A.505
<https://www.revisor.mn.gov/statutes/cite/72A>

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