

24

May 4, 2002

Regulations and Legislation Division
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

Dear Sir or Madam:

Comments on the GLBA Information Sharing Study

The Alliance of American Insurers is a national trade association of 330 property/casualty insurance company members. While the insurance industry is regulated by state insurance departments, as "financial institutions," Alliance member companies are in compliance with the letter and spirit of Title V of the Gramm-Leach-Bliley Act (GLBA). We welcome the opportunity to comment on this study of information sharing practices by financial institutions.

As you know, most states have either enacted or adopted a version of the 2000 National Association of Insurance Commissioners (NAIC) model insurance privacy regulation. Other states have versions of a 1982 NAIC model insurance privacy law in effect. Alliance member companies writing business in those states are in compliance.

We would like to take this opportunity to comment upon several of the questions posed by the Department of the Treasury.

2c. On April 10, 2002, the NAIC adopted its Standards for Safeguarding Customer Information Model Regulation. A version of this model regulation has already been adopted by the New York Department of Insurance, and we expect most other state insurance departments to follow suit in coming weeks and months. It is too soon to assess the adequacy of these regulations.

2d. As to insurers, the NAIC has only recently adopted its model regulation, so it is premature to consider new or revised limitations at this time. However, as was done for other federally regulated financial institutions, insurers should be afforded adequate lead time to comply with the new NAIC model regulation.

5e. For the most part, state insurance department insurance privacy regulations took effect on or about July 1, 2001. In the intervening ten months, there has been no specific evidence that further limitations upon sharing information, other than as provided by GLBA and/or the NAIC model regulation, are needed. It is premature to consider additional limitations for insurance.

6a. The Fair Credit Reporting Act (FCRA) has protected customer financial privacy for many years. As to insurance customers, GLBA and the NAIC model regulation have been in place together for only ten months. Preliminary indications are that they are working well.

6b. With regard to insurance customers, GLBA and the NAIC model regulation have been in place together for only ten months. It is premature to consider new or revised statutory or regulatory limitations.

8a. The overwhelming majority of states have either enacted or adopted a version of the 2000 NAIC model insurance privacy regulation. As to financial information, that model regulation adheres to GLBA's "opt-out" approach as to disclosures to nonaffiliated third parties. As to disclosures to affiliates, that model, like GLBA, leaves the area largely unregulated. Insurers have already devoted considerable resources to implementing this opt-out system. Switching to an "opt-in" system for financial information would impose additional unnecessary costs upon insurers, that would ultimately be passed along to customers. The opt-in approach to financial information would also abridge commercial free speech under the First Amendment to the U.S. Constitution.

8c. Congress wisely intended that GLBA should lower the artificial barriers to commerce between banking, insurance, and securities. The enhancement of cross-marketing opportunities was also wisely intended. Imposing an opt-out system as to affiliate-sharing would erect new barriers.

Thank you for the opportunity to comment. Should you have any questions or need further information, please contact me or Ken Schloman in our Washington Office (202.822.8811).

Sincerely,

Reynold E. Becker

REB:jhf

Copies to: Ken Schloman
 Pat Watts

G:\PERSLINE\REB\REB2002\LTR\TREASURY.DOC

Copyright 2002 Alliance of American Insurers