

November 28, 2001

Donald S. Clark
Secretary
Federal Trade Commission
Room 159
600 Pennsylvania Avenue, NW
Washington, DC 20580

Dear Mr. Clark:

**Proposed Guiding Principles for Interagency Public Workshop on
Financial Privacy Notices**

The Alliance of American Insurers is a national trade association of 326 property/casualty insurers. While insurer privacy practices are regulated by state insurance departments, we recognize the inter-relationship between state insurance department regulations and federal rules applicable to other elements of the financial services industry. Thank you for the opportunity to comment on this process.

The Alliance is suggesting some proposed parameters or guiding principles for the federal agencies involved in the workshop. The concepts are inter-related, and the order of listing here is not necessarily in order of importance.

Clarity

Privacy notice language should be clear and conspicuous, so that it is reasonably understandable and designed to call the consumer's attention to the nature and significance of the information. Title V of the Gramm-Leach-Bliley (GLB) Act, federal rules, and the 2000 National Association of Insurance Commissioners (NAIC) model privacy regulation already provide guidance. Examples already include: short sentences, bullet points, avoiding highly technical business terminology, use of plain language headings, easy to read type face and type size, etc.

Fairness & Balance

Any privacy notice language developed should recognize and acknowledge *both* legitimate consumer concerns and rights, as well as legitimate business needs and uses for nonpublic personal information.

Neutrality

No attempt should be made to steer consumers toward or away from any sort of preordained opting choice. Within the consumer protections already afforded by Title V of GLB, federal rules,

and the 2000 NAIC model regulation, no attempt should be made to dictate or prohibit the use of any particular type face, type size, color, format, medium or technology.

Flexibility

Given the wide array of insurer corporate structures, lines of business, customer profiles, and marketing strategies, etc., an effective “one size fits all” approach may not be workable or desirable. Within existing consumer privacy protections, nothing should be done that would stifle financial service company innovation. Any model privacy notice language(s) developed should be a “safe harbor”, not a mandate.

In addition to the flexibility to be different, it is also important for affiliated financial services companies to also be able to use the same privacy notice for all of their products and services.

Cost Effectiveness

The administration and content of privacy notices and the opting process should be addressed in a cost-effective fashion for both consumers and financial services companies, since higher costs often translate into higher fees or premiums, or lower returns for financial services consumers. Often the seemingly “easiest” or “most convenient” approach for the consumer can ultimately translate into the most expensive.

Timing

Any roll-out or start date for federal model language should be coordinated with the NAIC and other state regulators. Sufficient lead-time is crucial. Any changes should be applied prospectively to new business and/or upon renewals.

Consistency & Uniformity

Any model language should be consistent with Title V of GLB and existing federal rules. This process should be used to improve and “fine tune” the implementation and enforcement of GLB. The process should also encourage the NAIC and state insurance departments to promote operational consistency with federal requirements, as well as between and among the states.

Uniformity between and among the state insurance privacy approaches is desirable, but literal uniformity may not be possible, given that many states have laws or regulations that deviate from GLB, the 2000 NAIC model regulation or are based upon the 1982 NAIC model law. Further, this process should *not* be used to develop new substantive or procedural mandates beyond the scope of GLB.

Level Playing Field

Banks, securities firms, and insurers should be allowed, under both federal and state approaches, to use similar language to avoid competitive disadvantage(s). Affiliated financial services companies should also be able to use the same privacy notice for all of their products and services, if they so desire. The same should be true between and among states.

3 – Donald S. Clark, November 27, 2001

If you need any further information, please contact me (630.724.2109) or Ken Schloman (202.822.8811) in our Federal Affairs office.

Sincerely,

Reynold E. Becker
Vice President-Property/Casualty

Copies to: Lenore Marema
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