



May 30, 2024

**Via email to Lois Alexander ([lalexander@naic.org](mailto:lalexander@naic.org))**  
Manager II, Market Regulation

Commissioner Amy Beard, Chair (IN)  
Erica Weyhenmeyer, Vice Chair (IL)  
Privacy Protections (H) Working Group  
National Association of Insurance Commissioners  
1100 Walnut Street, Suite 1500  
Kansas City, MO 64106

**Re: Path Forward of Privacy Protections Working Group**

Dear Commissioner Beard, Vice Chair Weyhenmeyer, and Members of the Privacy Protections Working Group:

On behalf of the National Association of Professional Insurance Agents (PIA)<sup>1</sup>, thank you for the opportunity to provide feedback on the most productive path forward for the National Association of Insurance Commissioners (NAIC) Privacy Protections Working Group (PPWG). We appreciate the PPWG's continued attention to the challenges posed by the application of current and nascent technologies and business practices to the NAIC's existing consumer protection regulatory regime. In your request for comments, you set forth two questions, which we address below.

**1. PIA Strongly Discourages the PPWG's Continued Work on Draft NAIC Privacy Model #674.**

PIA has appreciated the work that the PPWG regulators and NAIC staff have invested in the subject of insurance consumer privacy protections over the past two years and recognize and support their continued commitment to achieving a workable model. However, PIA strongly discourages the PPWG from attempting to achieve that goal through the continued development of Draft NAIC Privacy Model #674.

While we had considerable concerns about each draft of the proposed new NAIC Privacy Model #674, we always appreciated, and continue to appreciate, the PPWG's thoughtful consideration of PIA's concerns. In each PPWG meeting in which we participated, we sought to convey the

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<sup>1</sup> PIA is a national trade association founded in 1931 whose members are insurance agents and agency owners in all 50 states, Puerto Rico, Guam, and the District of Columbia. PIA members are small business owners and insurance professionals serving insurance consumers in communities across America.

substantial concerns we had about the effect #674 would have on the constantly evolving ways independent agents use data to strengthen the independent agency model and facilitate the growth of their small and mid-sized businesses all around the country. Those concerns have not changed; if anything, in the time since we last communicated with the PPWG, they have grown as independent agents have increasingly come to rely on new technologies, including but not limited to the use of pixels and artificial intelligence (AI).

PIA shares the PPWG's goals of ensuring that consumer data is protected; that consumers know how their data is being used; that they have the right to limit the sharing of their data, other than for insurance-related purposes; and that they are aware of that right and given a chance to exercise it. Empowering consumers to limit the circumstances in which their data may be exploited is valuable, especially as insurance consumer data may be particularly susceptible to exploitation because of the extent to which the purchase of insurance products requires the transmission of potentially sensitive personal information.

All that said, even the most recent iteration of #674 was extremely troubling to our agents. We felt that it was overly broad; we questioned the value of attempting to incorporate tangentially related issues like disclosures around adverse underwriting decisions and oversight of third-party service providers.

We also had concerns about the proposed limitations on the way licensees could use consumer information, which would have been at odds with some independent agents' legal obligations; one example of this was a proposed limitation on licensees' use of information obtained in the process of fulfilling a consumer request to purchase a product. In some circumstances, such uses are mandatory pursuant to state-imposed fiduciary requirements or federally directed insurance programs, like those that provide flood insurance coverage.

## **2. PIA Supports the PPWG's Use of NAIC's Existing Model(s) to Produce a Workable and Effective Update to its Existing Regulatory Regime.**

PIA strongly supports the PPWG's efforts to modernize its current regulatory regime by revising its existing models. This approach would allow the PPWG to capitalize on its existing regulatory framework rather than upending it and would benefit regulators, agents, and all licensees by maintaining a level of continuity for all affected stakeholders.

It would also reinforce the NAIC's position as the states' standard-setting body and send a vital message to Congress and federal regulators: The NAIC is the premier regulator of insurance entities, and, in that capacity, it is actively modernizing its consumer data regulatory regime. On behalf of consumers, insurance entities, and state regulators, Congress should not act.

We are still examining the industry-provided updates to the *Privacy of Consumer Financial and Health Information Regulation* (Model #672), as well as the "Core Privacy Issues Quick Look" document, but we are confident that, broadly speaking, a fresh take on #672 would be preferable for agents to the PPWG's continued development of #674.

3. **Conclusion.**

We look forward to discussing the PPWG's path forward with regulators, industry colleagues, and consumer advocates during the upcoming PPWG calls next month. As always, we appreciate the PPWG's recognition that the independent agent community's concerns are often unique, and we are thankful for the opportunity to provide the independent agent perspective.

Please contact me at [lpachman@pianational.org](mailto:lpachman@pianational.org) or (202) 431-1414 with any questions or concerns. Thank you for your time and consideration.

Sincerely,



Lauren G. Pachman  
Counsel and Director of Regulatory Affairs  
National Association of Professional Insurance Agents