



Senate Fiscal Agency
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Senate Bill 172 (as introduced 3-7-19)
Sponsor: Senator Jim Stamas
Committee: Insurance and Banking

Date Completed: 10-14-19

CONTENT

The bill would amend the Insurance Code to exempt a licensee from annually providing to its customers a notice that accurately reflected its privacy policies and practices under certain circumstances.

Section 513 of the Code requires a licensee to provide a clear and conspicuous notice to customers that accurately reflects its privacy policies and practices at least annually during the continuation of the customer relationship.

("Licensee" means a licensed insurer or producer, and other persons licensed or required to be licensed, authorized or required to be authorized, registered or required to be registered, or holding or required to hold a certificate of authority under the Code. The term includes, except as otherwise provided, a nonprofit health care corporation operating pursuant to the Nonprofit Health Care Corporation Reform Act and a nonprofit dental care corporation operating pursuant to Public Act 125 of 1963. The term also includes an unauthorized insurer who places business through a licensed surplus line agent or broker in the State, but only for the surplus line placements placed under Chapter 19. The term does not include any of the following:

- A nonprofit health care corporation for member personal data and information otherwise protected under Section 406 of the Nonprofit Health Care Corporation Reform Act.
- The Michigan life and health guaranty association and the property and casualty guaranty association.
- The Michigan Automobile Insurance Placement Facility, the Michigan Workers' Compensation Placement Facility, and the Assigned Claims Facility (now known as the Assigned Claims Plan); however, servicing carriers for these facilities are licensees.)

Under the bill, a licensee would not have to provide an annual notice described above if all of the following applied:

- The licensee only provided nonpublic personal information to a nonaffiliated third party.
- The licensee's privacy policies and practices about disclosing nonpublic personal information had not changed from the previous notice the licensee provided under Section 513 or Section 511.

(Section 511 allows a licensee to provide an initial notice reflecting its privacy policies and practices within a reasonable time after the licensee establishes a customer relationship if establishing the relationship is not at the customer's election or providing notice not later than

when the licensee establishes a customer relationship would substantially delay the customer's transaction and the customer agrees to receive the notice at a later time.)

The bill would take effect 90 days after its enactment.

MCL 500.513

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Joe Carrasco
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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.