A BILL FOR AN ACT

RELATING TO PRIVACY NOTICE FOR INSURANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that state law requires insurers to send annual privacy notices to all individuals covered by a group policy rather than just the group policyholder, which results in insurers spending an extraordinary amount of time sending notices to individuals in the State.

The purpose of this Act is to establish an exemption that allows an insurer to provide privacy notices at least once every three years, rather than annually, if:

(1) The insurer provides nonpublic personal financial information to nonaffiliated third parties under certain conditions where the notice, opt out, or service providers and joint marketing provisions do not apply; and

(2) The insurer's policies and practices relating to disclosure of nonpublic personal information remain unchanged.
SECTION 2. Section 431:3A-202, Hawaii Revised Statutes, is amended to read as follows:

"[[]§431:3A-202[[]---Annual privacy] Privacy notice to customers required. (a) [A] Except as provided in subsection (b), a licensee shall provide a clear and conspicuous notice to customers that accurately reflects its privacy policies and practices not less than annually during the continuation of the customer relationship. [Annually] For the purposes of this section, "annually" means at least once in any period of twelve consecutive months during which that relationship exists. A licensee may define the [twelve-consecutive-month] twelve-consecutive-month period, but the licensee shall apply it to the customer on a consistent basis.

(b) A licensee may provide a privacy notice under this section at least once every three years to a customer only if the licensee:

(1) Has provided nonpublic personal financial information to nonaffiliated third parties in accordance with section 431:3A-401, 431:3A-402, or 431:3A-403; and

(2) Has not changed its policies and practices relating to the disclosure of nonpublic personal information from
the most recent notice sent to customers in accordance
with this section or section 431:3A-201.

[(c)] A licensee shall not be required to provide an
annual notice to a former customer. A former customer is an
individual with whom a licensee no longer has a continuing
relationship.

[(d)] If a licensee is required under this section to
deliver an annual privacy notice, the licensee shall deliver it
according to section 431:3A-206."

SECTION 3. Statutory material to be repealed is bracketed
and stricken. New statutory material is underscored.

SECTION 4. This Act shall take effect on July 1, 2050.
Report Title:
Insurance; Privacy Notice; Personal Information

Description:
Establishes an exemption that allows an insurer to send a privacy notice to its customers at least once every three years, rather than annually. Effective 7/1/2050. (SD1)

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