

**INDEPENDENT INSURANCE AGENTS OF LOUISIANA
9818 BLUEBONNET BOULEVARD
BATON ROUGE, LA 70810
TEL: 225/819-8007
FAX: 225/819-8027
www.iiial.com**

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SUBJECT: Privacy Notices and Gramm-Leach-Bliley – One Year Later

BACKGROUND:

July 1, 2002 will mark the first anniversary of the requirement in Louisiana, and most states, for financial institutions, including insurance agencies and companies, to provide customers with a Privacy Notice.

The requirement was a part of the sweeping financial services reform passed in 1999, commonly referred to as the Gramm-Leach Bliley Act (GLBA).

For a complete analysis of the GLBA, and how it impacts Louisiana agents, refer to the IIAL Technical Advisory #184, sent to members June 8, 2001.

However, one of the requirements related to the Privacy Notice is an **annual notification**, which is an on-going responsibility of agencies and companies.

MAIN POINTS:

One of the provisions of GLBA was that each state would have the opportunity to draw up and implement its own version of the privacy requirements, so long as they were generally in line with the federal law.

Louisiana was one of the first states to develop state-specific requirements. Under Department of Insurance Regulation 76, which took effect in Louisiana November 13, 2000, each financial services entity, including insurance agencies and companies, had to provide customers with a copy of the entity's Privacy Notice by July 1, 2001.

These Privacy Notices were sent to Personal Lines customers (both property & casualty, as well as life & health), and plan sponsors of group policies, other than Workers Compensation.

Agencies and companies sent mass mailings of their Privacy Notices to customers by the July 1, 2001 deadline. However, the agencies' and companies' duties did not end after July 1, 2001.

Actually, under GLB A, and Louisiana DOI Regulation 76, there are three principal requirements regarding the Privacy Notices.

1. Each *existing* customer (Personal Lines and group plan sponsors referenced above) was to receive a Privacy Notice by July 1, 2001.
2. Each customer obtained by the agency or company *after* July 1, 2001, was to be given a copy of the Privacy Notice when the "customer relationship" was established. The Privacy Notice can be included in with other paperwork that is given or later mailed to the customer, thus a separate mailing of the Privacy Notice was not required, so long as the new customer gets a copy.
3. After July 1, 2001, customers are to receive an *annual* Privacy Notice, for as long as they remain customers of the agency or company.

There are two practical ways to meet this requirement for on-going annual notification of the agencies' or companies' privacy policy. One is an annual mass mailing, probably around July 1. The other is to establish a system of notifying each individual customer at his or her annual anniversary of becoming a customer.

Under Louisiana DOI Regulation 76, section 9913, the definition of "annual notification" is thankfully not defined as precisely twelve months to the day that a customer relationship was established. The rule states: "annually means at least once in any period of 12 consecutive months during which that relationship exists." The rule also gives the following example: "if a customer opens an account on any day of year 1, the licensee shall provide an annual notice to that customer by December 31 of year two."

With the July 1 anniversary fast approaching, agencies and companies should be making plans to comply with the annual notification to customers of their Privacy Notice.

NECESSARY ACTION:

Distribute this Technical Advisory to all agency staff who have management responsibilities in Personal Lines property, casualty, life & health, and Commercial Lines group plans.