



# State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Scott Walker, Governor  
Theodore K. Nickel, Commissioner

Wisconsin.gov

**Legal Unit**  
125 South Webster Street • P.O. Box 7873  
Madison, Wisconsin 53707-7873  
Phone: (608) 267-9586 • Fax: (608) 264-6228  
Web Address: oci.wi.gov

## Report From Agency

August 16, 2017

REPORT ON Section Ins 25.13, Wis. Adm. Code, relating to an exception to the annual privacy notice requirements and affecting small business

**Clearinghouse Rule No. 17-039**  
Submitted Under s. 227.19 (3), Stats.

(The proposed rule-making order is attached.)

**(a) A detailed statement of basis for the proposed rule and how the rule advances relevant statutory goals or purposes:**

The Office is advancing this proposed rule to create a consistent application of the federal requirement for providing notice to consumers of insurers' business practices pertaining to consumer privacy protections. The proposed amendments to s. Ins 25.13, Wis. Adm. Code, track with the changes contained in the Fixing America's Surface Transportation Act (FAST Act), Public Law 114-94 §75001, that amended Section 503, 12 U.S.C. § 6803, of the Gramm-Leach-Bliley Act ("GLBA", PL 102-106) privacy notice requirements. The proposed narrow exception balances the need to keep Wisconsin's insurance market competitive, by ensuring regulatory consistency with federal privacy laws while also creating a clear set of conditions that protect consumers by requiring updated disclosure of privacy policies when business practices change. The annual notice to consumers requires printing, postage and supplies all at increasing costs to insurers. Those insurers who are able to comply will directly and immediately benefit from the exception.

**(b) Summary of the public comments and the agency's responses to those comments:**

**Comment: WCLI: We commend the Office for advancing both the permanent and emergency rule change to conform Wisconsin requirements for annual privacy notices to federal law.**

Response: The Office is continuing to finalize the permanent rule.

**Comment: WIA: We believe it is important for the state's regulations to be brought into conformity with federal law. The Emergency Rule 1708 appropriately corrects this situation.**

Response: The Office is continuing to finalize the permanent rule.

**Comment: ACLI: We strongly believe Wisconsin's proposed changes will streamline and simplify annual privacy notice requirements, thereby benefitting insurance licensees and their customers.**

Response: The Office is continuing to finalize the permanent rule.

**(c) An explanation of any modifications made in proposed rule as a result of public comments or testimony received at a public hearing:**

The Office made no changes based upon the comments received at hearing or during the comment period.

**(d) Persons who appeared or registered regarding the proposed rule:**

**Appearances for:**

None

**Appearances against:**

None

**Appearances for information:**

None

**Registrations for:**

Wisconsin Council of Life Insurers

**Registrations against:**

None

**Registrations neither for nor against:**

None

**Letters received:**

The American Council of Life Insurers in favor.  
The Wisconsin Insurance Alliance in favor.

**(e) An explanation of any changes made to the plain language analysis of the rule under s. 227.14 (2), Stats., or to any fiscal estimate prepared under s. 227.14 (4), Stats.**

None.

**(f) The response to the Legislative Council staff recommendations indicating acceptance of the recommendations and a specific reason for rejecting any recommendation:**

All comments were complied with and corrected.

**(g) The response to the report prepared by the small business regulatory review board:**

The small business regulatory review board did not prepare a report.

**(h) Final Regulatory Flexibility Analysis:**

A Final Regulatory Flexibility Analysis is not required because the rule will not have a significant economic impact on a substantial number of small businesses and will in fact reduce costs to small businesses by providing an exception to annual mailings.

**(i) Fiscal Effect:**

See Fiscal Estimate and Economic Impact Analysis attached to proposed rule.

Attachment: Legislative Council Staff Recommendations