

## ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

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1. Type of Estimate and Analysis

Original    Updated    Corrected

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2. Administrative Rule Chapter, Title and Number

INS CH 25, Privacy of Consumer Financial and Health Information, 25.13 (4), Wis. Adm. Code.

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3. Subject

Relating to an exception to the annual privacy notice requirements and affecting small business.

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4. Fund Sources Affected

GPR    FED    PRO    PRS    SEG    SEG-S

5. Chapter 20, Stats. Appropriations Affected

None

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6. Fiscal Effect of Implementing the Rule

No Fiscal Effect    Increase Existing Revenues    Increase Costs  
 Indeterminate    Decrease Existing Revenues    Could Absorb Within Agency's Budget  
 Decrease Cost

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7. The Rule Will Impact the Following (Check All That Apply)

State's Economy    Specific Businesses/Sectors  
 Local Government Units    Public Utility Rate Payers  
 Small Businesses (if checked, complete Attachment A)

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8. Would Implementation and Compliance Costs Be Greater Than \$20 million?

Yes    No

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9. Policy Problem Addressed by the Rule

The federal law requiring annual privacy notices be sent to all consumers was modified to permit an exception when the company's privacy policy had not changed since the last annual notice was provided. This proposed rule change parallels the exception and will save insurers from providing the annual notice if they have not changed their privacy policy. The narrow exception balances the need to keep the insurance market competitive by ensuring regulatory consistency and protecting consumers.

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10. Summary of the businesses, business sectors, associations representing business, local governmental units, and individuals that may be affected by the proposed rule that were contacted for comments.

All insurers that are required to comply with the federal Gramm-Leach-Bliley Act (GLBA) will be positively affected by this proposed rule.

OCI solicited comments generally through publication requesting comments from the public utilizing the OCI website. Additionally OCI solicited comments from businesses, individuals. Solicitations were sent to all members of OCI's Advisory Councils and all interested parties. Members included life, property & casualty and health insurance companies, insurance agent associations and representatives, consumer representatives, provider representatives and representatives of small business. No concerns were raised during this time and several positive and supportive comments were received from WCLI, WAHP, WPS and the Wisconsin Restaurant Association.

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11. Identify the local governmental units that participated in the development of this EIA.

None

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12. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

The proposed rule will decrease costs to insurers, large and small, and agents who currently send consumer privacy notices annually. If their privacy policies have not changed, these entities will not be required to print and mail annual notices until such time as their policy changes or do not comply with requirement governing provision of use of nonpublic personal information.

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13. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

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The proposed rule creates consistency between the State and Federal law which increases market predictability and stability while balancing consumer protection. One insurer estimates that it would save over \$70,000 due to the exception from annual notification.

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14. Long Range Implications of Implementing the Rule

The proposed rule will maintain the Wisconsin Insurance marketplace in a competitive position without imposition of unnecessary or redundant requirements.

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15. Compare With Approaches Being Used by Federal Government

The approach contained in the proposed rule is consistent with the GLBA.

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16. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

All four states have passed or are in the process of implementing the same change as is contained in this proposed rule.

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17. Contact Name

Julie E. Walsh

18. Contact Phone Number

608-264-8101

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**ATTACHMENT A**

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1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

This proposed rule will have a positive economic impact as it will reduce costs associated with current law in issuing annual privacy notices. With the proposed rule, small businesses will annually save the cost of printing and mailing privacy notices to consumers if their privacy policies have not changed since consumers were last notified.

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2. Summary of the data sources used to measure the Rule's impact on Small Businesses

Comments received from the insurance industry.

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3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

The proposed rule contains positive changes for small businesses with potential economic savings.

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4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

The rule reduces the frequency with which a small business is required to issue privacy notices to consumers which will decrease printing and mailing costs for the businesses.

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5. Describe the Rule's Enforcement Provisions

The rule is enforced by s. 601.41 (4), Wis. Stat.

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6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes  No
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