

TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION

Control 482 Department or Agency Department of Insurance*

Rule No. Rule 482-1-122-.06

Rule Title: Annual Privacy Notice Customers Required.

New Amend Repeal Adopt by Reference

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety? N/A*

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare? N/A*

Is there another, less restrictive method of regulation available that could adequately protect the public? N/A*

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved and, if so, to what degree? N/A*

Is the increase in costs, if any, more harmful to the public than the harm that might result from the absence of the proposed rule? N/A*

Are all facets of the rulemaking process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public? N/A*

Does the proposed rule have an economic impact? N/A*

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Sections 27-2-17 and 27-7-43, Code of Alabama 1975, and that it complies with all applicable filing requirements of the Alabama Insurance Code.*

Signature of certifying officer Jim L. Ridling
Jim L. Ridling
Commissioner of Insurance

Date: September 20, 2016

*Note: *The Alabama Department of Insurance is exempt from the Alabama Administrative Procedures Act pursuant to Section 41-22-2(e), Code of Alabama 1975.*

Alabama Department of Insurance

NOTICE OF INTENDED ACTION

AGENCY NAME: Alabama Department of Insurance

RULE NO. & TITLE: Rule 482-1-122-.06: Annual Privacy Notice to Customers Required.

INTENDED ACTION: Amend rule.

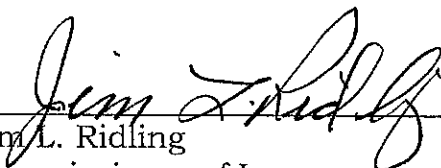
SUBSTANCE OF PROPOSED ACTION: The Commissioner of Insurance is proposing to amend the rule requiring annual privacy notice to customers. The amendment adds the exception authorized in a recent amendment to GLBA regarding notice to current customers under certain circumstances. The amendment will become effective November 20, 2016.

TIME, PLACE, MANNER OF PRESENTING VIEWS: Interested persons may submit data, views, or arguments in writing at any time prior to November 7, 2016, to the Alabama Department of Insurance, Attention: Legal Division, Post Office Box 303351, Montgomery, Alabama 36130-3351, or orally by appearing at the public hearing, Suite 502, RSA Tower, 201 Monroe Street, Montgomery, Alabama, beginning at 10:30 AM, on November 10, 2016.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:

November 7, 2016

CONTACT PERSON AT AGENCY: Reyn Norman
General Counsel



Jim L. Ridling
Commissioner of Insurance

1 **482-1-122-.06 Annual Privacy Notice to Customers Required.**

2 A.(1) General rule. A licensee shall provide a clear and
3 conspicuous notice to customers that accurately reflects its
4 privacy policies and practices not less than annually during
5 the continuation of the customer relationship. Annually means
6 at least once in any period of twelve (12) consecutive months
7 during which that relationship exists. A licensee may define
8 the twelve-consecutive-month period, but the licensee shall
9 apply it to the customer on a consistent basis.

10 (2) Example. A licensee provides a notice annually if it
11 defines the twelve-consecutive-month period as a calendar year
12 and provides the annual notice to the customer once in each
13 calendar year following the calendar year in which the
14 licensee provided the initial notice. For example, if a
15 customer opens an account on any day of year 1, the licensee
16 shall provide an annual notice to that customer by December 31
17 of year 2.

18 B. Current Customer Exception. A licensee is not
19 required to provide an annual notice to a current customer so
20 long as both of the following are true:

1 (1) The licensee provides personal information to
2 nonaffiliated third parties only in accordance with Rules 482-
3 1-122-.15, 482-1-122-.16 and 482-1-122-.17.

4 (2) The Licensee has not changed its policies and
5 practices with regard to disclosing nonpublic personal
6 information from the policies and practices that were
7 disclosed in the most recent disclosure sent to consumers in
8 accordance with Rule 482-1-122-.05 or Rule 482-1-122-.06.

9 B.C.(1) Termination of customer relationship. A licensee
10 is not required to provide an annual notice to a former
11 customer. A former customer is an individual with whom a
12 licensee no longer has a continuing relationship.

13 (2) Examples.

14 (a) A licensee no longer has a continuing relationship
15 with an individual if the individual no longer is a current
16 policyholder of an insurance product or no longer obtains
17 insurance services with or through the licensee.

18 (b) A licensee no longer has a continuing relationship
19 with an individual if the individual's policy is lapsed,
20 expired, paid-up, or otherwise inactive or dormant under the
21 licensee's business practices, and the licensee has not
22 communicated with the customer about the relationship for a

1 period of twelve (12) consecutive months, other than to
2 provide annual privacy notices, material required by law or
3 regulation, or promotional materials.

4 (c) For the purposes of this regulation, a licensee no
5 longer has a continuing relationship with an individual if the
6 individual's last known address according to the licensee's
7 records is deemed invalid. An address of record is deemed
8 invalid if mail sent to that address by the licensee has been
9 returned by the postal authorities as undeliverable and if
10 subsequent attempts by the licensee to obtain a current valid
11 address for the individual have been unsuccessful.

12 (d) A licensee no longer has a continuing relationship
13 with a customer in the case of providing real estate
14 settlement services, at the time the customer completes
15 execution of all documents related to the real estate closing,
16 payment for those services has been received, or the licensee
17 has completed all of its responsibilities with respect to the
18 settlement, including filing documents on the public record,
19 whichever is later.

20 C.D. Delivery. When a licensee is required by this
21 section to deliver an annual privacy notice, the licensee
22 shall deliver it according to ~~Section 10~~ Rule 482-1-122-.10.

1 **Author:** Commissioner of Insurance
2 **Statutory Authority:** Code of Alabama 1975, §§27-2-17 & 27-7-
3 43; 15 U.S.C. §§ 6801-6827
4 **History:** New June 20, 2001, Effective July 1, 2001; Revised
5 September 12, 2001, Effective October 1, 2001; Revised _____,
6 2016, Effective _____, 2016