

March 21, 2016

Louisiana Senate Insurance Committee Members  
Louisiana State Capitol  
Baton Rouge, Louisiana

*Via email*

**RE: NAMIC opposition to SB 103**

Members of the Senate Insurance Committee:

The National Association of Mutual Insurance Companies (NAMIC) appreciates the opportunity to register its opposition to SB 103. We understand the bill, originally scheduled to be heard in committee tomorrow, will be deferred one week to allow the committee time to receive feedback.

NAMIC is the largest property/casualty insurance trade association in the country, with more than 1,400 member companies. NAMIC supports regional and local mutual insurance companies on main streets across America and many of the country's largest national insurers. NAMIC members represent 40 percent of the total property/casualty insurance market, serve more than 170 million policyholders, and write nearly \$225 billion in annual premiums. In Louisiana, 128 member companies do business here, comprising a market share of 40%.

We share the Louisiana Department of Insurance's (LDI) concerns regarding data breaches. Cybersecurity is a top priority for the insurance industry. Even government agencies are not immune from such threats; the federal Office of Personnel Management was hacked on three separate occasions in a ten month period between November 2013 and September 2014.

Our members report it is impractical to require the insurer to notify the LDI if a data breach occurs during which no policyholder information of Louisiana residents is compromised. Further, if a vendor – such as a law firm handling defense work for the insurer – has a data breach, it's quite likely that the insurer would never know about it.

As you might imagine, our industry spends tremendous resources every year on data security. Our position is that there should be a national standard by which insurance companies are held, rather than a patchwork of 50 different standards and requirements. It's one thing to have the Department of Insurance penalize an insurer for falling short of a national standard,

but if every state has its own standards and penalty matrix, it could create significant challenges for the industry.

To that end, the NAIC has a Cybersecurity Task Force meeting in New Orleans next month. During their meeting, they will discuss comments received on the first draft of the Insurance Data Security Model Law. We expect the model bill will be approved sometime in 2016, providing legislatures with a model bill providing consistency across the country.

**Given the complexity of this subject matter, the NAIC's significant ongoing work on this issue and the nuances of this bill, we would suggest this might be more ripe for consideration after the NAIC has created a model bill which can be implemented as a national standard around the country.**

We appreciate the Committee's consideration of this issue. Please contact me if you have questions or comments about our position.

Sincerely,

A handwritten signature in black ink that reads "Paul Martin". The signature is written in a cursive style with a large initial "P" and "M".

Paul Martin  
Director – State Affairs  
Southwest Region

CC: Darie Jordan, Louisiana Department of Insurance