Please VOTE NO on HB 400, Personal Data Protection Act, because it will harm consumers far more than it will protect them

Summary of bill:

HB 400 is a personal consumer data privacy protection bill that addresses issues relating to consumer consent for personal consumer data collection; restrictions on the use and storage of personal consumer data by business entities; consumer notification duties of personal consumer data users; and personal consumer data destruction requirements. The bill also establishes broad rulemaking authority and establishes penalties for violations.

Reasons to VOTE NO on HB 400:

- **The proposed legislation will create needless business transaction delays for consumers–** HB 400 will create a host of new regulatory burdens for business entities that rely upon personal consumer data information necessary to provide consumers with goods and services. These new regulatory burdens, like the broadly drafted consumer "consent" provision, will slow-down consumer transactions, which could create serious legal implications for consumers who need timely access to certain products, e.g. state mandated auto insurance. Consumer privacy protect legislation is very important, but it needs to be reasonably measured and balanced so that it doesn't create more burdens and delays, than benefits for consumers.

- **The regulatory requirements of HB 400 will unavoidably increase the cost of consumer goods and services -** The proposed legislation is rife with costly regulatory compliance requirements, new administrative protocols for businesses, and legal liability exposure provisions that will increase the cost of doing business for companies that use personal consumer data information. It is an inescapable principle of business, that increased regulatory compliance costs increase business operating costs, which ultimately drive-up the cost of consumer goods and services. Therefore, the proposed legislation begs the questions – Is there a current personal consumer data information privacy problem in Montana that merits such a fundamental departure from the current regulatory personal consumer data protection regime? And if there is a documented need for new consumer privacy protections, do the new regulations have to be so excessive in scope and costly for consumers?

- **The proposed legislation will make Montana one of the least business-friendly states in the western United States -** The breadth and scope of HB 400 makes the bill impractical, unworkable, and extremely burdensome for business entities. For example, the definition of "personal information" is extremely broad and nebulous in nature, and could arguably apply to all information contained in shopping, purchasing, and general business transaction records. Additionally, the definition of "consent" could arguably require actual written consent for all business transactions that directly or indirectly use or rely upon personal consumer data information. Further, the bill requires a business to "erase" personal consumer data when it is no longer needed, but when is the personal consumer data "no longer needed"? If the professional relationship has periodic contractual renewals, would the business be allowed to maintain the personal consumer data or would it have to erase the information once the initial business transaction is completed, thereby, requiring the business to have to secure new consumer consent at each contract renewal?

Please VOTE NO on HB 400, because legislation should be based upon good-public policy, not just good-intentions!

Prepared by: Christian J. Rataj of the National Association of Mutual Insurance Companies (NAMIC) as written testimony for committee hearing**.** NAMIC is the largest and most diverse property/casualty trade association in the country, with 1,400 regional and local mutual insurance member companies serving more than 135 million auto, home, and business policyholders and writing in excess of $196 billion in annual premiums that account for 50 percent of the automobile/ homeowners market and 31 percent of the business insurance market. More than 200,000 people are employed by NAMIC member companies. NAMIC has 121 members who write P. & C. Insurance in the State of Montana, which represents 44% of the marketplace.