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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Consumer Protection and Commerce
Tuesday, March 16, 2021
2:00 p.m.
Via Videoconference**

**On the following measure:
S.B. 1100, S.D. 1, RELATING TO INSURANCE DATA SECURITY**

Chair Johanson and Members of the Committee:

My name is Colin Hayashida, and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department supports this administration bill and requests an amendment.

The purpose of this bill is to adopt the National Conference of Insurance Commissioners' (NAIC) Insurance Data Security Model Law to establish insurance data security standards for Hawaii insurance licensees.

The NAIC adopted the Data Security Model Law in 2017 to strengthen existing data privacy standard and consumer breach notification obligations of insurance licensees. If this bill does not pass by 2022, states may risk federal preemption of state laws in this area. Although some licensees may already have cybersecurity policies and protocols in place, this bill will ensure and formalize insurance data security protections for all insurance licensees.

The Department requests the following amendment on page 32, lines 1 through 6, to specify that risk retention groups chartered and licensed in this state will have an additional year to implement the requirements of this bill:

“SECTION 7. This Act shall take effect on July 1, 2050; provided that licensees other than risk retention groups chartered and licensed in this State shall have one year from the effective date of this Act to implement sections 431:A-B through 431:A-I in section 1 of this Act; provided that licensees other than risk retention groups chartered and licensed in this State shall have two years from the effective date of this Act to implement section 431:A-F in section 1 of this Act. Risk retention groups chartered and licensed in this State shall have two years from the effective date of this Act to implement sections 431:A-B through 431:A-I in section 1 of this Act and three years from the effective date of this Act to implement section 431:A-F in section 1 of this Act.”

Thank you for the opportunity to testify, and we respectfully ask the Committee to pass this administration bill with our requested amendment.

TESTIMONY OF THE AMERICAN COUNCIL OF LIFE INSURERS
COMMENTING ON SB 1100, SD 1, RELATING TO INSURANCE DATA SECURITY

March 16, 2021

Honorable Representative Aaron Ling Johanson, Chair
Committee on Consumer Protection and Commerce
State Senate
Hawaii State Capitol, Room 329 & Video-Conference
415 South Beretania Street
Honolulu, Hawaii 96813

Chair Johanson and Members of the Committee:

Thank you for the opportunity to comment on SB 1100, SD 1, Relating to Insurance Data Security.

Our firm represents the American Council of Life Insurers (“ACLI”). The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI’s member companies are dedicated to protecting consumers’ financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI’s 280 member companies represent 94% of the industry assets in the United States. Two hundred eighteen (218) ACLI member companies currently do business in the State of Hawaii; and they represent 94% of the life insurance premiums and 99% of the annuity considerations in this State.

SB 1100, SD 1, adopts the National Association of Insurance Commissioners’ (“NAIC”) Insurance Data Security Model Act which establishes insurance data security standards for life insurers licensed to do business in this state.

While ACLI and its member companies support Hawaii’s adoption of the NAIC Model Act we request your consideration of our suggested revision to SB 1100, SD 1, as set forth below.

We suggest that the committee amend the bill by adding a new section §431:A-T-1, to be inserted immediately following section § 431:A-T, on page 30, after line 11 of the bill, to read as follows:

§431:A-T Private cause of action. This article may not be construed to create or imply a private cause of action for violation of its provision, and it may not be construed to curtail a private cause of action that would otherwise exist in the absence of this article.

§ 431:A-T-1 Exclusive data security standards. Notwithstanding any other provision of law, this Article establishes the exclusive state standards applicable to Licensees for data security, the investigation of a Cybersecurity Event as defined in Section 3, and notification to the Commissioner.

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The proposed amendment would clarify that the data security standard established by the new article and not others which may be established in the future shall be the governing law applicable to insurers.

Thank you for your consideration of our proposed amendments and the opportunity to comment on SB 1100, SD 1, Relating to Insurance Data Security.

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