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February 26, 2020

The Honorable Dereck E. Davis, Chairman  
House Economic Matters Committee  
Room 231, House Office Building  
Annapolis, Maryland 21401

RE: House Bill 237 - Commercial Law - Personal Information Protection Act – Revisions - OPPOSED

Dear Chairman Davis and Members of the Committee,

On behalf of the Maryland Association of Mutual Insurance Companies (MAMIC), I respectfully request an unfavorable report on House Bill 237.

MAMIC is comprised of eleven mutual insurance companies that are headquartered in Maryland and neighboring states. Approximately one-half of our members are domiciled in Maryland and are key contributors and employers in our local communities. Together, MAMIC members offer a wide variety of insurance products and services and provide coverage for thousands of Maryland citizens. As mutual insurers, MAMIC members are owned entirely by our policyholders, and any profits earned are either retained by the company or returned to policyholders in the form of dividends. By contrast, stock insurers are owned by shareholders. Profits generated by a stock insurer are distributed to investors who may or may not have a policy of insurance with the company.

We have a number of concerns about this legislation, which affect MAMIC members both as insurers and small businesses in Maryland. First, the language in Section 14-3504 referencing breach and notification is highly problematic. Reducing the notification period to 30 days after discovery of the breach would impose a significant burden on the small businesses that constitute MAMIC membership. Similarly, with respect to information not owned by one of our members, the notification period is even shorter – 10 days.

Furthermore, the language concerning “activity-tracking data” on page 3, lines 4-9, is overly broad. It could, for example, apply to an employee’s use of a company email system, which is traditionally considered to be the exclusive property of an employer. That same broadening of personal information could apply to standard activities conducted by non-employees of insurers, such as data collected by an insurance appraiser while assessing damage to someone’s home or automobile.

MAMIC notes that HB 237 is intended to apply to businesses generally, and not solely to insurers. Because of the unique structure of insurance companies and their need to handle the personal information of many different insureds, we respectfully suggest that any such privacy legislation be drafted and enacted by the legislature in consultation with the Maryland Insurance Administration.

For the reasons listed above, we respectfully request an unfavorable report on House Bill 237.

Thank you,

Jill Showalter  
President