

CLIENT ALERT

Latest Developments on Insurance Privacy Laws – NAIC Privacy Protections (H) Working Group’s Model 672 and California’s SB 354

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As previously reported [here](#) and [here](#), the National Association of Insurance Commissioners (the “NAIC”) Privacy Protections (H) Working Group (“PPWG”) continues to review and propose updates to each section of the Privacy of Consumer Financial and Health Information Regulation Model Law (#672) (“Model 672”) on an article-by-article basis. On May 19, 2025, PPWG exposed two additional draft articles within Model 672 – Article V, *Limits on Disclosures of Nonpublic Personal Information* and Article IV, *Notice of Information Practices and Opt Out and Opt In Notices for Nonpublic Personal Information*.

Article IV

Article IV of Model 672 is being exposed as a result of PPWG’s drafting group call on February 28, 2025, and a regulator-only call that took place on April 23, 2025; however, comments are not being requested on Article IV at this time, and will be requested after the next full exposure of Model 672, which is targeted for the NAIC’s 2025 Fall National Meeting. Among other things, the newly exposed Article IV contains added language regarding

requirements for a licensee’s initial and subsequent delivery notices to consumers and revised language regarding the form of certain required opt-in and opt-out notices to consumers. For example, Article IV requires licensees to provide consumers with clear and conspicuous notice that accurately reflects its privacy policies and practices to all consumers no later than when the licensee obtains access to the consumer’s nonpublic personal information (“NPI”) unless certain exceptions are met, and subsequent notices may be required if a consumer obtains a new insurance product or service. A redline capturing PPWG’s changes to Article IV is available [here](#).

Article V

PPWG also exposed a revised version of Article V of Model 672 with comments from interested parties due **June 18, 2025**. PPWG has instructed that comments should be submitted in writing to privacywg@naic.org in Word format, along with a redline against the original exposure draft, if possible.

Article V focuses on limitations regarding the disclosure of consumer NPI to third parties, and the June 18, 2025 exposure draft added three subsections specific to: (1) limits on disclosure of NPI in targeted marketing; (2) limits on the sale of NPI, including requirements for consumers affirmatively opting in to the sale; and (3) limits on the disclosure of sensitive personal information. A redline capturing PPWG’s changes to Article V is available [here](#).

California Proposes a New Insurance Privacy Bill

In February 2025, Senator Monique Limón introduced Senate Bill 354 (“SB 354”), the Insurance Consumer Privacy Protection Act (“ICPPA”) of 2025, which would establish new standards for the collection, processing, or sharing of consumers’ personal information by insurance licensees and third-party service providers.¹ SB 354, which is sponsored by the California Insurance Commissioner, is largely similar to PPWG’s exposure draft of a New Model Law 674 released in 2023 (available [here](#)), which PPWG voted to forego in June 2024 and instead decided to revise the existing Model 672.

As currently proposed, key provisions and obligations of SB 354 include: (1) an opt-in consent requirement for processing a consumer’s personal information for a purpose unrelated to the insurance transaction; (2) an opt-in consent requirement for processing a consumer’s personal information or sharing such information with a person outside of the United States; (3) a data minimization requirement in the collection and processing of personal information related to the insurance transaction; (4) a requirement to annually review whether the licensee is permitted to retain any consumer’s personal information under ICPPA; (5) a requirement to review at least annually to determine whether retention of a consumer’s personal information is no longer needed, and to delete personal information (or a specific element of a consumer’s personal information) within 90 days after making the determination; and (6) a private right of action.

In addition, the California Privacy Protection Agency, which is directed under the California Consumer Privacy Act (the “CCPA”) to review insurance laws that relate to consumer privacy and adopt regulations for the insurance

¹ *New landmark bill seeks to enhance consumer privacy protections with greater transparency & accountability in California insurance market*, California Department of Insurance (April 9, 2025), available at <https://www.insurance.ca.gov/0400-news/0100-press-releases/2025/release032-2025.cfm>.

industry to the extent existing insurance laws do not provide greater protection to consumers, has released its proposed insurance regulations which can be found [here](#).

Looking Forward

It is unclear if and when Model 672, SB 354, and the CCPA’s insurance regulations will be finalized or adopted. Given their overlapping aims to regulate how the insurance industry can collect, share, and process consumers’ personal information, the insurance industry, and particularly insurers operating in California, may face compliance challenges in navigating multiple regulatory regimes.

The Willkie insurance team will continue to monitor developments on the various rulemaking activities with respect to insurance privacy regulations.

If you have any questions regarding this client alert, please contact the following attorneys or the Willkie attorney with whom you regularly work.

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