

## **Privacy of Consumer Financial and Health Information General Information and Frequently Asked Questions**

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Recent federal and state regulatory activity has been implemented to protect the privacy of consumer non-public personal information. These laws and regulations have been established to regulate financial institutions, which include insurance companies.

The new regulation provides for the protection of consumer non-public personal financial and health information held by insurance companies, agents and other entities engaged in insurance activities. In general, insurers are required to:

- Notify consumers about their privacy policies;
- Give consumers the opportunity to prohibit the sharing of their protected financial and health information with certain third parties.

While this new regulatory activity is designed primarily to protect consumers of personal lines insurance products we have decided to inform our policyholders of our concern for the confidentiality and security of their personal information.

The attached Privacy Policy Notice will be mailed with all new business policies and at each annual renewal. Since the notice does invite inquiries related to our privacy policy, I am providing the following information in question and answer format to assist in responding to questions about the notice content.

### **What are some examples of non-public personal financial information?**

Examples of “non-public personal financial information” may include, but are not limited to, any of the following obtained in the course of a transaction with the company provided it is not available from a public source:

- Income, assets, credit and premium payment history;
- An individual’s name, address and telephone number if they are not available via a public source;
- Details regarding a customer’s insurance coverage, including premiums paid, amount of coverage, etc;

### **What are some examples of non-public health information?**

“Non-public personal health information” is any information that identifies you in some way and includes information about your health, including details about your healthcare contained in medical records and records of payment for health care.

### **Why is it necessary for the company to collect non-public personal information?**

Insurers collect this information to determine appropriate coverages and premiums for a customer during the underwriting process. Additionally, this information is needed for various servicing purposes such as claims handling.

### **Should I be worried that my personal information is being shared or sold without my knowledge or permission by my insurer or agent?**

Knowledge: By issuing the Privacy Policy Notice we are putting our customers on notice that we do in certain circumstances share their personal information.

Permission: Most of our customers may have already received privacy notices from their banks and personal lines insurers. Additionally, they may have received opt-out notices as well. In certain instances banks and insurers are required to give the consumer the opportunity to prohibit the sharing of their information via an opt-out notice. The opt-out notice is completed by the consumer and sent to the financial institution. The consumer cannot opt-out of all sharing of their information.

We only disclose consumer information for the following purposes:

- Servicing, maintaining or processing an insurance product that a consumer requests or authorizes. This could include underwriting, premium processing, settling claims and investigating fraud;
- In order to satisfy the requirements of an insurance regulator, court or law enforcement entity;
- To allow a third party to provide services for the insurer.

The privacy regulations allow us to share personal information for the reasons listed above without giving the consumer an opportunity to opt-out of having their information shared. This is why we have not offered our customers the option to prohibit information disclosure through the opt-out process.

### **What are the differences between an affiliated and a nonaffiliated third party?**

“Affiliate” is a company that controls, is controlled by or is under common control with another company. For example, the Maguire Insurance Agency, Philadelphia Indemnity and the Liberty American Insurance Company are all under common control of the Philadelphia Consolidated Holding Corporation and are therefore affiliated parties.

“Nonaffiliated third party” means a company that is not affiliated with an insurer. Such as a claims adjustment firm or an unaffiliated reinsurance company.

### **What are the responsibilities of exclusive and independent agents under this new privacy rule?**

They are subject to the regulation, but they are not required to comply with the notice and opt-out requirements of the regulation if:

- The company for which they act as an agent complies with the regulation; and
- They do not disclose protected information to any person other than that company or its affiliates.

### **What types of safeguards are in place to keep someone from accessing my personal information that is being held by the company?**

- The Philadelphia Insurance Companies uses advanced technology and information technology management techniques to implement security, audit and control programs designed to ensure the security and confidentiality of consumer records;
- Our computer system restricts access to consumer information on an as-needed basis;
- Information Technology personnel have procedures in place to monitor firewall activity for attempted unauthorized access; and
- There are security systems in place to restrict access to locations such as our buildings, computer facilities and records storage facilities containing consumer records.