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COMMERCE AND REGULATION

HOUSE FILE 285

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Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to consumer privacy.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 285

1 Section 1. NEW SECTION. 546A.1 DISCLOSURE OF NONPUBLIC
2 PERSONAL INFORMATION TO NONAFFILIATED THIRD PARTIES -- OPT-IN
3 REQUIRED.

4 1. For purposes of this section:

5 a. "Affiliate" means any company that controls, is
6 controlled by, or is under common control with another
7 company, as defined in 15 U.S.C. § 6809.

8 b. "Consumer" means customer or other person obtaining or
9 utilizing any service of a financial institution.

10 c. "Financial institution" means any person that engages
11 in financial activities as defined in 15 U.S.C. § 6809.

12 d. "Nonaffiliated third party" means any entity that is
13 not an affiliate of or is related by common ownership or
14 control, as defined in 15 U.S.C. § 6809.

15 e. "Nonpublic personal information" means personally
16 identifiable financial information as defined in 15 U.S.C. §
17 6809.

18 2. A financial institution shall not disclose the
19 nonpublic personal information of an Iowa resident to a
20 nonaffiliated third party unless such financial institution
21 does both of the following on an annual basis:

22 a. The financial institution clearly and conspicuously
23 discloses to the consumer in writing what nonpublic personal
24 information the financial institution desires or intends to
25 disclose to a nonaffiliated third party.

26 b. The financial institution obtains a written consent
27 from the consumer to the disclosure of the information, signed
28 and dated in the consumer's handwriting.

29 3. The consumer may revoke the consent by written request,
30 signed and dated in the consumer's handwriting, at any time.
31 The revocation shall be given effect immediately upon receipt
32 by the financial institution.

33 4. The chief administrative office of each division of the
34 department of commerce may adopt rules pursuant to chapter 17A
35 as necessary to implement and administer this section.

EXPLANATION

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This bill provides that financial institutions, which under the federal definition include insurance companies, shall be required to obtain signed and dated written annual consent from consumers before they are allowed to share a customer's personally identifiable information with nonaffiliated third parties. This bill specifically provides a more protective "opt-in" standard for consumers relative to personal information, as compared to the "opt-out" standard enacted as part of the federal Gramm-Leach-Bliley Act (also known as the Financial Services Modernization Act of 1999, and Pub. L. No. 106-102), which requires consumers to notify financial institutions if they do not wish to have their information shared with nonaffiliated third parties. The Gramm-Leach-Bliley Act contains a provision that provides that state statutes that give greater protection to consumers than the provisions of Gramm-Leach-Bliley Act will not be considered to be inconsistent with the federal Act.

This bill also provides that the consumer may revoke the consent by written request, signed and dated in the consumer's handwriting, at any time. The revocation shall be given effect immediately upon receipt by the financial institution.

The divisions of the department of commerce are given the authority to adopt rules pursuant to Code chapter 17A as necessary to implement and administer the new Code section.