### Rules of
Department of Commerce and Insurance
Division 100—Insurer Conduct
Chapter 6—Privacy of Consumer Information

<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 CSR 100-6.100  Privacy of Financial Information</td>
<td>3</td>
</tr>
<tr>
<td>20 CSR 100-6.110  Standards for Safeguarding Customer Information</td>
<td>12</td>
</tr>
</tbody>
</table>
Title 20—DEPARTMENT OF COMMERCE AND INSURANCE  
Division 100—Insurer Conduct  
Chapter 6—Privacy of Consumer Information  

20 CSR 100-6.100 Privacy of Financial Information  

PURPOSE: The purpose of this rule is to effectuate, interpret, and carry out the provisions of section 362.422, RSMo, regarding the disclosure of nonpublic personal information in violation of Title V of the Gramm-Leach-Bliley Financial Modernization Act of 1999.

(1) Definitions. As used in this rule, unless the context requires otherwise:

(A) “Affiliate” means any company that controls, is controlled by, or is under common control with another company.

(B) “Clear and conspicuous” means that a notice is reasonably understandable and designed to call attention to the nature and significance of the information in the notice. For example:

1. A licensee makes its notice reasonably understandable if it—
   A. Presents the information in the notice in clear, concise sentences, paragraphs, and sections;
   B. Uses short explanatory sentences or bullet lists whenever possible;
   C. Uses definite, concrete, everyday words and active voice whenever possible;
   D. Avoids multiple negatives;
   E. Avoids legal and highly technical business terminology whenever possible; and
   F. Avoids explanations that are imprecise and readily subject to different interpretations;

2. A licensee designs its notice to call attention to the nature and significance of the information in it if the licensee—
   A. Uses a plain-language heading to call attention to the notice;
   B. Uses a typeface and type size that are easy to read;
   C. Provides wide margins and ample line spacing;
   D. Uses boldface or italics for key words; and
   E. In a form that combines the licensee’s notice with other information, uses distinctive type size, style, and graphic devices, such as shading or sidebars;

3. If a licensee provides a notice on a web page, the licensee designs its notice to call attention to the nature and significance of the information in it if the licensee uses text or visual cues to encourage scrolling down the page, if necessary, to view the entire notice and ensure that other elements on the web site (such as text, graphics, hyperlinks, or sound) do not distract attention from the notice, and the licensee either—
   A. Places the notice on a screen that consumers frequently access, such as a page on which transactions are conducted; or
   B. Places a link on a screen that consumers frequently access, such as a page on which transactions are conducted, that connects directly to the notice and is labeled appropriately to convey the importance, nature, and relevance of the notice;

(C) “Collect” means to obtain information that the licensee organizes or can retrieve by the name of an individual or by identifying number, symbol, or other identifying particular assigned to the individual, irrespective of the source of the underlying information;

(D) “Director” means the director of the Department of Commerce and Insurance;

(E) “Company” means a corporation, limited liability company, business trust, general or limited partnership, association, sole proprietorship, or similar organization;

(F) “Consumer” means an individual who seeks to obtain, obtains, or has obtained an insurance product or service from a licensee that is to be used primarily for personal, family, or household purposes, and about whom the licensee has nonpublic personal information, or that individual’s legal representative. For example:

1. An individual who provides nonpublic personal information to a licensee in connection with obtaining, or seeking to obtain, financial, investment, or economic advisory services relating to an insurance product or service is a consumer regardless of whether the licensee establishes an ongoing advisory relationship;

2. A. An applicant for insurance prior to the inception of insurance coverage is a licensee’s consumer;

3. An individual who is a consumer of another financial institution is not a licensee’s consumer solely because the licensee is acting as agent for, or provides processing or other services to, that financial institution;

4. An individual is a licensee’s consumer if:
   A. The individual is:
      (I) A beneficiary of a life insurance policy underwritten by the licensee;
      (II) A claimant under an insurance policy or certificate issued by the licensee;
      (III) An insured or an annuitant under an insurance policy or an annuity, respectively, issued by the licensee;

   (IV) A mortgagor of a mortgage covered under a mortgage insurance policy; and
   B. The licensee discloses nonpublic personal financial information about the individual to a nonaffiliated third party other than as permitted under subsections (4)(A), (4)(B), and (4)(C) of this rule;

5. Provided that the licensee provides the initial, annual, and revised notices under subsections (2)(A), (2)(B), and (2)(E) of this rule to the plan sponsor, group, or blanket insurance policyholder, or group annuity contractholder, and further provided that the licensee does not disclose to a nonaffiliated third party nonpublic personal financial information about such an individual other than as permitted under subsections (4)(A), (4)(B), and (4)(C) of this rule, an individual is not the consumer of the licensee solely because he or she is:
   A. A participant or a beneficiary of an employee benefit plan that the licensee administers, or sponsors, or for which the licensee acts as a trustee, insurer, or fiduciary;
   B. Covered under a group or blanket insurance policy or group annuity contract issued by the licensee;

6. The individuals described in subparagraphs (1)(F)5.A. and (1)(F)5.B. are consumers of a licensee if the licensee does not meet all the conditions of paragraph (1)(F)5. In no event shall the individuals, solely by virtue of the status described in subparagraphs (1)(F)5.A. and (1)(F)5.B. of this subsection, be deemed to be customers for purposes of this rule;

7. An individual is not a licensee’s consumer solely because he or she is a beneficiary of a trust for which the licensee is a trustee;

8. An individual is not a licensee’s consumer solely because he or she has designated the licensee as trustee for a trust;

(G) “Consumer reporting agency” has the same meaning as in section 603(f) of the federal Fair Credit Reporting Act (15 U.S.C. 1681a(f));

(H) “Control” means:

1. Ownership, control, or power to vote twenty-five percent (25%) or more of the outstanding shares of any class of voting securities of the company, directly or indirectly, or acting through one (1) or more other persons;

2. Control in any manner over the election of a majority of the directors, trustees, or general partners (or individuals exercising similar functions) of the company;

3. The power to exercise, directly or indirectly, a controlling influence over the...
management or policies of the company, as the
director determines;
(I) “Customer” means a consumer who
has a customer relationship with a licensee;
(J) “Customer relationship” means a con-
tinuing relationship between a consumer and
a licensee under which the licensee provides
one or more insurance products or services to
the consumer that are to be used primarily for
personal, family, or household purposes.
 1. A consumer has a continuing rela-
tionship with a licensee if—
   A. The consumer is a current policy-
holder of an insurance product issued by or
through the licensee; or
   B. The consumer obtains financial,
investment, or economic advisory services
relating to an insurance product or service
from the licensee for a fee.
 2. A consumer does not have a continu-
ing relationship with a licensee if—
   A. The consumer applies for insur-
ance but does not purchase the insurance;
   B. The licensee sells the consumer
airline travel insurance in an isolated transac-
tion;
   C. The individual is no longer a cur-
current policyholder of an insurance product or
no longer obtains insurance services with or
through the licensee;
   D. The consumer is a beneficiary or
claimant under a policy and has submitted a
claim under a policy choosing a settlement
option involving an ongoing relationship with
the licensee;
   E. The consumer is a beneficiary or a
claimant under a policy and has submitted a
claim under a policy choosing a lump sum
settlement option;
   F. The customer’s policy is lapsed,
expired, or otherwise inactive or dormant
under the licensee’s business practices, and
the licensee has not communicated with the
customer about the relationship for a period
of twelve (12) consecutive months, other than
annual privacy notices, material required by
law or rule, communication at the direction of
a state or federal authority, or promotion-
amal information;
   G. The individual is an insured or an
an annuitant under an insurance policy or annu-
ity, respectively, but is not the policyholder or
owner of the insurance policy or annuity; or
   H. For the purposes of this rule, the
individual’s last known address according to
the licensee’s records is deemed invalid. An
address of record is deemed invalid if mail
sent to that address by the licensee has been
returned by the postal authorities as undeliv-
erable and if subsequent attempts by the
licensee to obtain a current valid address for
the individual have been unsuccessful;
(K) “Financial institution” means any
institute the business of which is engaging in
activities that are financial in nature or inciden-
tal to such financial activities as described in section 4(k) of the Bank Holding
Company Act of 1956 (12 U.S.C. 1843(k)).
 1. Financial institution does not include:
   A. Any person or entity with respect
to any financial activity that is subject to the
jurisdiction of the Commodity Futures Trading
Commission under the Commodity
Exchange Act (7 U.S.C. 1 et seq.);
   B. The Federal Agricultural Mortgage
Corporation or any entity charged and oper-
atimg under the Farm Credit Act of 1971 (12
U.S.C. 2001 et seq.);
   C. Institutions chartered by Congress
specifically to engage in securitizations,
secondary market sales (including sales of ser-
vicing rights) or similar transactions related
to a transaction of a consumer, as long as the
institutions do not sell or transfer nonpublic
personal information to a nonaffiliated third
party;
   (L) “Insurance product or service” means
any product or service that is offered by a
financial holding company could offer by engaging in an
activity that is financial in nature or inciden-
tal to such a financial activity under section 4(k) of the Bank Holding
Company Act of 1956 (12 U.S.C. 1843(k)). Financial service
includes a financial institution’s evaluation or
brokerage of information that the financial
institutions collects in connection with a
request or an application from a consumer for
a financial product or service;
   (M) “Insurance product or service” means
any product or service that is offered by a
licensee pursuant to the insurance laws of this
state, including a licensee’s evaluation, bro-
kage, or distribution of information that the
licensee collects in connection with a request
or an application from a consumer for an
insurance product or service;
   (N) “Licensee” means all licensed insur-
urers, producers, and other persons licensed,
authorized, or registered, or required to be
licensed, authorized, or registered by the
director pursuant to the laws of this state.
 1. A licensee is not subject to the notice
and opt out requirements for nonpublic per-
sonal financial information set forth in sec-
tions (1), (2), (3), and (4) of this rule, except as permitted by subsection
(4)(A) of this rule, except as permitted by subsection
(4)(B) or (4)(C) of this rule; and
   (O) “Nonaffiliated third party.” Any per-
son except a licensee’s affiliate or a person
employed jointly by a licensee and any com-
pany that is not the licensee’s affiliate (but
nonaffiliated third party includes the other
company that jointly employs the person).
Any company that is an affiliate solely by
virtue of the direct or indirect ownership or
control of the company by the licensee or its
affiliate in conducting merchant banking or
investment banking activities of the type
described in section 4(k)(4)(H) or insurance
company investment activities of the type
described in section 4(k)(4)(I) of the federal
Bank Holding Company Act (12 U.S.C.
1843(k)(4)(H) and (I)) is a nonaffiliated third
party;
   (P) “Nonpublic personal information”
means nonpublic personal financial informa-
tion;
   (Q) “Nonpublic personal financial infor-
mation.”
1. “Nonpublic personal financial information” means personally identifiable financial information; and any list, description, or other grouping of consumers (and publicly available information pertaining to them) that is derived using any personally identifiable financial information that is not publicly available.

2. Nonpublic personal financial information does not include—
   A. Publicly available information, except as included on a list described in subparagraph (1)(Q)(B); or
   B. Any list, description, or other grouping of consumers (and publicly available information pertaining to them) that is derived without using any personally identifiable financial information that is not publicly available.

   (I) Nonpublic personal financial information includes any list of individuals’ names and street addresses that is derived in whole or in part using personal identifiable financial information that is not publicly available, such as account numbers.

   (II) Nonpublic personal financial information does not include any list of individuals’ names and addresses that contains only publicly available information, is not derived in whole or in part using personal identifiable financial information that is not publicly available, and is not disclosed in a manner that indicates that any of the individuals on the list is a consumer of a financial institution.

   (R) “Personal identifiable financial information” means any information—
   1. A consumer provides to a licensee to obtain an insurance product or service from the licensee;
   2. About a consumer resulting from a transaction involving an insurance product or service between a licensee and a consumer; or
   3. The licensee otherwise obtains about a consumer in connection with providing an insurance product or service to that consumer;
   4. Personal identifiable financial information includes—
      A. Information a consumer provides to a licensee on an application to obtain an insurance product or service;
      B. Account balance information and payment history;
      C. The fact that an individual is or has been one of the licensee’s customers or has obtained an insurance product or service from the licensee;
      D. Any information about the licensee’s consumer if it is disclosed in a manner that indicates that the individual is or has been the licensee’s consumer;
   E. Any information that a consumer provides to a licensee or that the licensee or its agent otherwise obtains in connection with collecting on a loan or servicing a loan;
   F. Any information the licensee collects through an Internet cookie (an information-collecting device from a web server); and
   G. Information from a consumer report.

   5. Personally identifiable financial information does not include—
      A. A list of names and addresses of customers of an entity that is not a financial institution; and
      B. Information that does not identify a consumer, such as aggregate information or blind data that does not contain personal identifiers such as account numbers, names, or addresses;

   (S) “Publicly available information” means any information that a licensee has a reasonable basis to believe is lawfully made available to the general public from federal, state, or local government records; widely distributed media; or disclosures to the general public made pursuant to federal, state, or local law.

   1. A licensee has a reasonable basis to believe that information is lawfully made available to the general public if the licensee has taken steps to determine—
      A. That the information is of the type that is available to the general public; and
      B. Whether an individual can direct that the information not be made available to the general public and, if so, that the licensee’s consumer has not done so.

   2. Examples.
      A. Publicly available information in government records includes information in government real estate records and security interest filings.
      B. Publicly available information from widely distributed media includes information from a telephone book, a television or radio program, a newspaper, or a website that is available to the general public on an unrestricted basis. A web site is not restricted merely because an Internet service provider or a site operator requires a fee or a password, so long as access is available to the general public.
      C. Reasonable basis.
         (I) A licensee has a reasonable basis to believe that mortgage information is lawfully made available to the general public if the licensee has determined that the information is of the type included on the public record in the jurisdiction where the mortgage would be recorded.

   (II) A licensee has a reasonable basis to believe that an individual’s telephone number is lawfully made available to the general public if the licensee has located the telephone number in the telephone book or the consumer has informed the licensee that the telephone number is not unlisted.

   (T) “Third-party claimant” has the same meaning as in subsection 20 CSR 100-1.010(1)(H).

(2) Privacy and Opt Out Notices For Financial Information.

   (A) Initial Privacy Notice to Consumers.
      1. A licensee shall provide a clear and conspicuous notice that accurately reflects its privacy policies and practices to—
         A. An individual who becomes the licensee’s customer, not later than when the licensee establishes a customer relationship, except as provided in paragraph (2)(A)5.; and
         B. A consumer, before the licensee discloses any nonpublic personal financial information about the consumer to any nonaffiliated third party, if the licensee makes a disclosure other than as authorized by subsections (4)(B) and (4)(C).

      2. A licensee is not required to provide an initial notice to a consumer under subparagraph (2)(A)1.B. if:
         A. The licensee does not disclose any nonpublic personal financial information about the consumer to any nonaffiliated third party, other than as authorized by subsections (4)(B) and (4)(C), and the licensee does not have a customer relationship with the consumer; or
         B. A notice has been provided by an affiliated licensee, as long as the notice clearly identifies all licensees to whom the notice applies and is accurate with respect to the licensee and the other institutions.

      3. When the licensee establishes a customer relationship.
         A. A licensee establishes a customer relationship at the time the licensee and the consumer enter into a continuing relationship.
         B. A licensee establishes a customer relationship when the consumer—
            (I) Becomes a policyholder of a licensee that is an insurer when the insurer delivers an insurance policy or contract to the consumer, or in the case of a licensee that is an insurance producer or insurance broker, obtains insurance through that licensee; or
            (II) Agrees to obtain financial, economic, or investment advisory services relating to insurance products or services for a fee from the licensee.

      4. When an existing customer obtains a new insurance product or service from a...
licensee that is to be used primarily for personal, family, or household purposes, the licensee satisfies the initial notice requirements of paragraph (2)(A)1. as follows:

A. The licensee may provide a revised policy notice, under subsection (2)(E), that covers the customer’s new insurance product or service; or

B. If the initial, revised, or annual notice that the licensee most recently provided to that customer was accurate with respect to the new insurance product or service, the licensee does not need to provide a new privacy notice under paragraph (2)(A)1.

5. Exceptions to allow subsequent delivery of notice.

A. A licensee may provide the initial notice pursuant to paragraph (2)(A)1. of this section within a reasonable time after the licensee establishes a customer relationship if—

(I) Establishing the customer relationship is not at the customer’s election; or

(II) Providing notice not later than when the licensee establishes a customer relationship would substantially delay the customer’s transaction and the customer agrees to receive the notice at a later time.

B. Examples of exceptions.

(I) Establishing a customer relationship is not at the customer’s election if a licensee acquires or is assigned a customer’s policy from another financial institution or residual market mechanism and the customer does not have a choice about the licensee’s acquisition or assignment.

(II) Providing notice not later than when a licensee establishes a customer relationship would substantially delay the customer’s transaction when the licensee and the individual agree over the telephone to enter into a customer relationship involving prompt delivery of the insurance product or service.

(III) Providing notice not later than when a licensee establishes a customer relationship would not substantially delay the customer’s transaction when the relationship is initiated in person at the licensee’s office or through other means by which the customer may view the notice, such as on a web site.

6. When a licensee is required to deliver an initial privacy notice by this section, the licensee shall deliver it according to subsection (2)(F). If the licensee uses a short-form initial notice for non-customers according to paragraph (2)(C)4., the licensee may deliver its privacy notice according to subparagraph (2)(C)4.C.

(B) Annual Privacy Notice to Customers.

1. A licensee shall provide a clear and conspicuous notice to customers that accurately reflects its privacy policies and practices not less than annually during the continuation of the customer relationship. Annually means at least once in any period of twelve (12) consecutive months during which that relationship exists.

2. A licensee provides a notice annually if it defines the twelve- (12-) consecutive-month period, but the licensee shall apply it to the customer on a consistent basis.

3. A licensee that provides nonpublic personal information to nonaffiliated third parties only in accordance with subsections (4)(A), (4)(B), or (4)(C) and has not changed its policies and practices with regard to disclosing nonpublic personal information from the policies and practices that were disclosed in the most recent disclosure sent to consumers in accordance with this subsection or subsection (2)(A) is not required to provide an annual disclosure under this section until such time as the licensee fails to comply with any criteria described in this paragraph.

4. A licensee is not required to provide an annual notice to a former customer. A former customer is an individual with whom a licensee no longer has a continuing relationship.

A. Examples.

(I) A licensee no longer has a continuing relationship with an individual if the individual no longer is a current policyholder or no longer obtains insurance services with or through the licensee.

(II) A licensee no longer has a continuing relationship with an individual if the individual’s policy is lapsed, expired, or otherwise inactive or dormant under the licensee’s business practices, and the licensee has not communicated with the customer about the relationship for a period of twelve (12) consecutive months, other than to provide annual privacy notices, material provided pursuant to law or rule, or promotional materials.

(III) For the purposes of this rule, a licensee no longer has a continuing relationship with an individual if the individual’s last known address according to the licensee’s records is deemed invalid. An address of record is deemed invalid if mail sent to that address by the licensee has been returned by the postal authorities as undeliverable, and if subsequent attempts by the licensee to obtain a current valid address for the individual have been unsuccessful.

IV. A licensee no longer has a continuing relationship with a customer in the case of providing real estate settlement services, at the time the customer completes execution of all documents related to the real estate closing, payment for those services has been received, or the licensee has completed all of its responsibilities with respect to the settlement, including filing documents on the public record, whichever is later.

4. When a licensee is required by this section to deliver an annual privacy notice, the licensee shall deliver it according to subsection (2)(F).

(C) Information to Be Included in Privacy Notices.

1. The initial, annual, and revised privacy notices that a licensee provides under subsections (2)(A), (2)(B), and (2)(E) shall include each of the following items of information, in addition to any other information the licensee wishes to provide, that applies to the licensee and to the consumers whom the licensee sends its privacy notice:

A. The categories of nonpublic personal financial information that the licensee collects;

B. The categories of nonpublic personal financial information that the licensee discloses;

C. The categories of affiliates and nonaffiliated third parties to whom the licensee discloses nonpublic personal financial information, other than those parties to whom the licensee discloses information under subsections (4)(B) and (4)(C);

D. The categories of nonpublic personal financial information about the licensee’s former customers that the licensee discloses and the categories of affiliates and nonaffiliated third parties to whom the licensee discloses nonpublic personal financial information about the licensee’s former customers, other than those parties to whom the licensee discloses information under subsections (4)(B) and (4)(C);

E. If a licensee discloses nonpublic personal financial information to a nonaffiliated third party under subsection (4)(A) (and no other exception in subsections (4)(B) and (4)(C) applies to that disclosure), a separate description of the categories of information the licensee discloses and the categories of third parties with whom the licensee has contracted;

F. An explanation of the consumer’s right under paragraph (3)(A)1. to opt out of the disclosure of nonpublic personal financial information to nonaffiliated third parties,
including the methods by which the consumer may exercise that right at that time;

G. Any disclosures that the licensee makes under section 603(d)(2)(A)(iii) of the federal Fair Credit Reporting Act (15 U.S.C. 1681a(d)(2)(A)(iii)) (that is, notices regarding the ability to opt out of disclosures of information among affiliates);

H. The licensee’s policies and practices with respect to protecting the confidentiality and security of nonpublic personal information; and

I. Any disclosure that the licensee makes under paragraph (2)(C)2.

2. If a licensee discloses nonpublic personal financial information as authorized under subsections (4)(B) and (4)(C), the licensee is not required to list those exceptions in the initial or annual privacy notices provided pursuant to subsections (2)(A) and (2)(B). When describing the categories of parties to whom disclosure is made, the licensee is required to state only that it makes disclosures to other affiliated or nonaffiliated third parties, as applicable, as permitted by law.

3. Examples.

A. A licensee satisfies the requirement to categorize the nonpublic personal financial information it collects if the licensee categorizes it according to the source of the information, as applicable:

(I) Information from the consumer;

(II) Information about the consumer’s transactions with the licensee or its affiliates;

(III) Information about the consumer’s transactions with nonaffiliated third parties; and

(IV) Information from a consumer reporting agency.

B. Categories of nonpublic personal financial information a licensee discloses.

(I) A licensee satisfies the requirement to categorize nonpublic personal financial information disclosures if the licensee categorizes it according to the source of the information, as applicable:

(a) Information from the consumer, including application information, such as assets and income and identifying information, such as name, address, and social security number;

(b) Transaction information, such as information about balances, payment history, and parties to the transaction; and

(c) Information from consumer reports, such as a consumer’s creditworthiness, and credit history.

(II) A licensee does not adequately categorize the information that it discloses if the licensee uses only general terms, such as transaction information about the consumer.

(a) If a licensee reserves the right to disclose all of the nonpublic personal financial information about consumers that it collects, the licensee may simply state that fact without describing the categories or examples of nonpublic personal information that the licensee discloses.

C. Categories of affiliates and nonaffiliated third parties to whom the licensee discloses.

(I) A licensee satisfies the requirement to categorize the affiliates and nonaffiliated third parties to which the licensee discloses nonpublic personal financial information about consumers if the licensee identifies the types of businesses in which they engage.

(II) Types of businesses may be described by general terms only if the licensee uses a few illustrative examples of significant lines of business. For example, a licensee may use the terms financial products or services if it includes appropriate examples of significant lines of businesses, such as life insurer, automobile insurer, consumer banking, or securities brokerage.

(III) A licensee also may categorize the affiliates and nonaffiliated third parties to which it discloses nonpublic personal financial information about consumers using more detailed categories.

D. Disclosures under exception for service providers and joint marketers. If a licensee discloses nonpublic personal financial information under the exception in subsection (4)(A) to a nonaffiliated third party to market products or services that it offers alone or jointly with another financial institution, the licensee satisfies the disclosure requirement of subparagraph (2)(C)1.E. if it:

(I) Lists the categories of nonpublic personal financial information it discloses, using the same categories and examples the licensee used to meet the requirements of subparagraph (2)(C)1.B., as applicable; and

(II) States whether the third party is:

(a) A service provider that performs marketing services on the licensee’s behalf or on behalf of the licensee and another financial institution; or

(b) A financial institution with whom the licensee has a joint marketing agreement.

E. If a licensee does not disclose, and does not wish to reserve the right to disclose, nonpublic personal financial information about customers or former customers to affiliates or nonaffiliated third parties except as authorized under subsections (4)(B) and (4)(C), the licensee may simply state that fact, in addition to the information it provides under subparagraphs (2)(C)1.A., (2)(C)1.H., (2)(C)1.I., and paragraph (2)(C)2.

F. A licensee describes its policies and practices with respect to protecting the confidentiality and security of nonpublic personal financial information if it describes in general terms who is authorized to have access to the information; and states whether the licensee has security practices and procedures in place to ensure the confidentiality of the information in accordance with the licensee’s policy. The licensee is not required to describe technical information about the safeguards it uses.

4. Short-form initial notice with opt out notice for non-customers.

A. A licensee may satisfy the initial notice requirements in subparagraph (2)(A)1.B. and paragraph (2)(D)4. for a consumer who is not a customer by providing a short-form initial notice at the same time as the licensee delivers an opt out notice pursuant to subsection (2)(D).

B. A short-form initial notice shall—

(I) Be clear and conspicuous;

(II) State that the licensee’s privacy notice is available upon request; and

(III) Explain a reasonable means by which the consumer may obtain that notice.

C. The licensee shall deliver its short-form initial notice according to subsection (2)(F). The licensee is not required to deliver its privacy notice with its short-form initial notice. The licensee instead may simply provide the consumer a reasonable means to obtain its privacy notice. If a consumer who receives the licensee’s short-form notice requests the licensee’s privacy notice, the licensee shall deliver its privacy notice according to subsection (2)(F).

D. The licensee provides a reasonable means by which a consumer may obtain a copy of its privacy notice if the licensee—

(I) Provides a toll-free telephone number that the consumer may call to request the notice; or

(II) For a consumer who conducts business in person at the licensee’s office, maintains copies of the notice on hand that the licensee provides to the consumer immediately upon request.

5. The licensee’s notice may include—

A. Categories of nonpublic personal financial information that the licensee reserves the right to disclose in the future, but does not currently disclose; and

B. Categories of affiliates or nonaffiliated third parties to whom the licensee
reserves the right in the future to disclose, but to whom the licensee does not currently disclose, nonpublic personal financial information.

6. Sample clauses illustrating some of the notice content described in this section are available on the department’s website at www.insurance.mo.gov.

(D) Form of Opt Out Notice to Consumers and Opt Out Methods.

1. Form of opt out notice. If a licensee is required to provide an opt out notice under paragraph (3)(A)1., it shall provide a clear and conspicuous notice to each of its consumers that accurately explains the right to opt out under that section, and which states—

A. That the licensee discloses or reserves the right to disclose nonpublic personal financial information about its consumer to a nonaffiliated third party;

B. That the consumer has the right to opt out of that disclosure; and

C. A reasonable means by which the consumer may exercise the opt out right.

2. Examples.

A. A licensee provides adequate notice that the consumer can opt out of the disclosure of nonpublic personal financial information to a nonaffiliated third party if the licensee—

(I) Identifies all of the categories of nonpublic personal financial information that it discloses or reserves the right to disclose, and all of the categories of nonaffiliated third parties to which the licensee discloses the information, as described in subparagraphs (2)(C)1.B. and (2)(C)1.C., and states that the consumer can opt out of the disclosure of that information; and

(II) Identifies the insurance products or services that the consumer obtains from the licensee, either singly or jointly, to which the opt out direction would apply.

B. A licensee provides a reasonable means to exercise an opt out right if it—

(I) Designates check-off boxes in a prominent position on the relevant forms with the opt out notice;

(II) Includes a reply form together with the opt out notice;

(III) Provides an electronic means to opt out, such as a form that can be sent via electronic mail or a process at the licensee’s web site, if the consumer agrees to the electronic delivery of information; or

(IV) Provides a toll-free telephone number that consumers may call to opt out.

C. A licensee does not provide a reasonable means of opting out if—

(I) The only means of opting out is for the consumer to write his or her own letter to exercise that opt out right; or

(II) The only means of opting out as described in any notice subsequent to the initial notice is to use a check-off box that the licensee provided with the initial notice, but did not include with the subsequent notice.

D. A licensee may require each consumer to opt out through a specific means, as long as that means is reasonable for that consumer.

3. A licensee may provide the opt out notice together with or on the same written or electronic form as the initial notice the licensee provides in accordance with subsection (2)(A).

4. If a licensee provides the opt out notice later than required for the initial notice in accordance with subsection (2)(A), the licensee shall also include a copy of the initial notice with the opt out notice in writing or, if the consumer agrees, electronically.

5. Joint relationships.

A. If two (2) or more consumers jointly obtain an insurance product or service from a licensee, the licensee may provide a single opt out notice, which explains how the licensee will treat an opt out direction by a joint consumer (as explained in subparagraph (2)(D)5.E.).

B. Any of the joint consumers may exercise the right to opt out. The licensee may either—

(I) Treat an opt out direction by a joint consumer as applying to all of the associated joint consumers; or

(II) Permit each joint consumer to opt out separately.

C. If a licensee permits each joint consumer to opt out separately, the licensee shall permit one (1) of the joint consumers to opt out on behalf of all of the joint consumers.

D. A licensee may not require all joint consumers to opt out before it implements any opt out direction.

E. Example. If John and Mary are both named policyholders on a homeowner’s insurance policy provided by a licensee and the licensee sends policy statements to John’s address, the licensee may do any of the following, but it shall explain in its opt-out notice which opt out policy the licensee will follow:

(I) Send a single opt out notice to John’s address, but accept an opt out direction from either John or Mary.

(II) Treat an opt out direction by either John or Mary as applying to the entire policy. If the licensee does so and John opts out, the licensee may not require Mary to opt out as well before implementing John’s opt out direction.

(III) Permit John and Mary to make different opt out directions. If the licensee does so—

(a) It shall permit John and Mary to opt out for each other;

(b) If both opt out, the licensee shall permit both of them to notify it in a single response (such as on a form or through a telephone call); and

(c) If John opts out and Mary does not, the licensee may only disclose nonpublic personal financial information about Mary, but not about John, and not about John and Mary jointly.

6. A licensee shall comply with a consumer’s opt out direction as soon as reasonably practicable after the licensee receives it.

7. A consumer may exercise the right to opt out at any time.

8. Duration of consumer’s opt out direction.

A. A consumer’s direction to opt out under this section is effective until the consumer revokes it in writing or, if the consumer agrees electronically.

B. When a customer relationship terminates, the customer’s opt out direction continues to apply to the nonpublic personal financial information that the licensee collected during or related to that relationship. If the individual subsequently establishes a new customer relationship with the licensee, the opt out direction that applied to the former relationship does not apply to the new relationship.

9. When a licensee delivers an opt out notice pursuant to this section, the licensee shall deliver it according to subsection (2)(F).

(E) Revised Privacy Notices.

1. Except as otherwise authorized in this rule, a licensee shall not, directly or through an affiliate, disclose any nonpublic personal financial information about a consumer to a nonaffiliated third party other than as described in the initial notice that the licensee provided to that consumer under subsection (2)(A), unless—

A. The licensee has provided to the consumer a clear and conspicuous revised notice that accurately describes its policies and practices;

B. The licensee has provided to the consumer a new opt out notice;

C. The licensee has given the consumer a reasonable opportunity, before the licensee discloses the information to the nonaffiliated third party, to opt out of the disclosure; and

D. The consumer does not opt out.

2. Examples.

A. Except as otherwise permitted by subsections (4)(A), (4)(B), and (4)(C), a licensee shall provide a revised notice before
Chapter 6—Privacy of Consumer Information

20 CSR 100-6

closure.

1. A licensee shall provide any notices that this rule requires so that each consumer can reasonably be expected to receive actual notice in writing or, if the consumer agrees, electronically.

2. A licensee may reasonably expect that a consumer will receive actual notice if the licensee—

A. Hand-delivers a printed copy of the notice to the consumer;

B. Mails a printed copy of the notice to the last known address of the consumer separately, or in a policy, billing or, other written communication;

C. For a consumer who conducts transactions electronically, posts the notice on the electronic site and requires the consumer to acknowledge receipt of the notice as a necessary step to obtaining a particular insurance product or service;

D. For an isolated transaction with a consumer, such as the licensee providing an insurance quote or selling the consumer travel insurance, posts the notice and requires the consumer to acknowledge receipt of the notice as a necessary step to obtaining the particular insurance product or service.

3. A licensee may not, reasonably expect that a consumer will receive actual notice of its privacy policies and practices if it only posts a sign in its office or generally publishes advertisements of its privacy policies and practices; or sends the notice via electronic mail to a consumer who does not obtain an insurance product or service from the licensee electronically.

4. A licensee may reasonably expect that a customer will receive actual notice of the licensee’s annual privacy notice if—

A. The customer uses the licensee’s web site to access insurance products and services electronically and agrees to receive notices at the web site and the licensee posts its current privacy notice continuously in a clear and conspicuous manner on the web site; or

B. The customer has requested that the licensee refrain from sending any information regarding the customer relationship, and the licensee’s current privacy notice remains available to the customer upon request.

5. Oral description of notice insufficient. A licensee may not provide any notice pursuant to this rule solely by orally explaining the notice, either in person or over the telephone.

6. Retention or accessibility of notices for customers.

A. For customers only, a licensee shall provide the initial notice outlined in subparagraph (2)(A), the annual notice outlined in paragraph (2)(B)1., and the revised notice outlined in subsection (2)(E) so that the customer can retain them or obtain them later in writing or, if the customer agrees, electronically.

B. A licensee provides a privacy notice to the customer so that the customer can retain it or obtain it later if the licensee—

(1) Hand-delivers a printed copy of the notice to the customer;

(II) Mails a printed copy of the notice to the last known address of the customer; or

(III) Makes its current privacy notice available on a web site (or a link to another web site) for the customer who obtains an insurance product or service electronically and agrees to receive the notice at the web site.

7. A licensee may provide a joint notice from the licensee and one (1) or more of its affiliates or other financial institutions, as identified in the notice, as long as the notice is accurate with respect to the licensee and the other institutions. A licensee also may provide a notice on behalf of another financial institution.

8. If two (2) or more consumers jointly obtain an insurance product or service from a licensee, the licensee may satisfy the initial, annual, and revised notice requirements of paragraphs (2)(A)1., (2)(B)1., and (2)(E)1., respectively, by providing one notice to those consumers jointly.

3. Limits on Disclosures of Financial Information.

A. Limits on Disclosure of Nonpublic Personal Financial Information to Nonaffiliated Third Parties.

1. Conditions for disclosure. Except as otherwise authorized in this rule, a licensee may not, directly or through any affiliate, disclose any nonpublic personal financial information about a consumer to a nonaffiliated third party unless—

A. The licensee has provided to the consumer an initial notice pursuant to subsection (2)(A);

B. The licensee has provided to the consumer an opt out notice pursuant to subsection (2)(D);

C. The licensee has given the consumer a reasonable opportunity, before it discloses the information to the nonaffiliated third party, to opt out of the disclosure; and

D. The consumer does not opt out.

2. Opt out means a direction by the consumer that the licensee not disclose nonpublic personal financial information about that consumer to a nonaffiliated third party, other than as permitted by subsections (4)(A), (4)(B), and (4)(C).

A. A licensee provides a consumer with a reasonable opportunity to opt out if—

(1) The licensee mails the notice described in paragraph (3)(A)1. to the consumer and allows the consumer to opt out by mailing a form, calling a toll-free telephone number, or any other reasonable means within thirty (30) days from the date the licensee mailed the notice;

(II) A customer opens an on-line account with a licensee and agrees to receive the notices described in paragraph (3)(A)1. electronically, and the licensee allows the customer to opt out by any reasonable means within thirty (30) days after the date that the customer acknowledges receipt of the notices in conjunction with opening the account.

(III) For an isolated transaction such as providing the consumer with an insurance quote, a licensee provides the consumer with a reasonable opportunity to opt out if the licensee provides the notices described in paragraph (3)(A)1. at the time of the transaction, and requests that the consumer decide, as a necessary part of the transaction, whether to opt out before completing the transaction.

3. Application of opt out to all consumers and all nonpublic personal financial information.

A. A licensee shall comply with this section, regardless of whether the licensee and the consumer have established a customer relationship.

B. Unless a licensee complies with this section, the licensee may not, directly or through any affiliate, disclose any nonpublic personal financial information about
a consumer that the licensee has collected, regardless of whether the licensee collected it before or after receiving the direction to opt out from the consumer.

4. A licensee may allow a consumer to select certain nonpublic personal financial information or certain nonaffiliated third parties with respect to which the consumer wishes to opt out.

(B) Limits on Redisclosure and Reuse of Nonpublic Personal Financial Information.

1. Information the licensee receives under an exception. If a licensee receives nonpublic personal financial information from a nonaffiliated financial institution under an exception in subsection (4)(B) or (4)(C) of this rule, the licensee’s disclosure and use of that information is limited as follows:

A. The licensee may disclose the information to the affiliates of the financial institution from which the licensee received the information;

B. The licensee may disclose the information to its affiliates, but the licensee’s affiliates may, in turn, disclose and use the information only to the extent that the licensee may disclose and use the information; and

C. The licensee may disclose and use the information pursuant to an exception in subsection (4)(B) or (4)(C) of this rule, in the ordinary course of business to carry out the activity covered by the exception under which the licensee received the information.

(I) Example. If a licensee receives information from a nonaffiliated financial institution for claims settlement purposes, the licensee may disclose the information for fraud prevention, or in response to a properly authorized subpoena. The licensee may not disclose that information to a third party for marketing purposes or use that information for its own marketing purposes.

2. Information a licensee receives outside of an exception. If a licensee receives nonpublic personal financial information from a nonaffiliated financial institution other than under an exception in subsection (4)(B) or (4)(C) of this rule, the licensee may disclose the information only—

A. To the affiliates of the financial institution from which the licensee received the information;

B. To its affiliates, but its affiliates may, in turn, disclose the information only to the extent that the licensee may disclose the information; and

C. To any other person, if the disclosure would be lawful if made directly to that person by the financial institution from which the licensee received the information. Example: If a licensee obtains a customer list from a nonaffiliated financial institution outside of the exceptions in subsection (4)(B) or (4)(C), the licensee may use that list for its own purposes; and the licensee may disclose that list to another nonaffiliated third party only if the financial institution from which the licensee purchased the list could have lawfully disclosed the list to that third party. That is, the licensee may disclose the list in accordance with the privacy policy of the financial institution from which the licensee received the list, as limited by the opt-out direction of each consumer whose nonpublic personal financial information the licensee intends to disclose, and the licensee may disclose the list in accordance with an exception in subsections (4)(B) or (4)(C), such as to the licensee’s attorneys or accountants.

3. If a licensee discloses nonpublic personal financial information to a nonaffiliated third party under an exception in subsections (4)(B) or (4)(C) of this rule, the third party may disclose and use that information only as follows:

A. The third party may disclose the information to the licensee’s affiliates;

B. The third party may disclose the information to its affiliates, but its affiliates may, in turn, disclose and use the information only to the extent that the third party may disclose and use the information; and

C. The third party may disclose and use the information pursuant to an exception in subsection (4)(B) or (4)(C) in the ordinary course of business to carry out the activity covered by the exception under which it received the information.

4. If a licensee discloses nonpublic personal financial information to a nonaffiliated third party other than under an exception in subsection (4)(B) or (4)(C) of this rule, the third party may disclose the information only:

A. To the licensee’s affiliates;

B. To the third party’s affiliates, but the third party’s affiliates, in turn, may disclose the information only to the extent the third party can disclose the information; and

C. To any other person, if the disclosure would be lawful if the licensee made it directly to that person.

(C) Limits on Sharing Account Number Information for Marketing Purposes.

1. A licensee shall not, directly or through an affiliate, disclose, other than to a consumer reporting agency, a policy number or similar form of access number or access code for a consumer’s policy or transaction account to any nonaffiliated third party for use in telemarketing, direct mail marketing, or other marketing through electronic mail to the consumer.

2. Paragraph (3)(C)1. does not apply if a licensee discloses a policy number or similar form of access number or access code—

A. To the licensee’s service provider solely in order to perform marketing for the licensee’s own products or services, as long as the service provider is not authorized to directly initiate charges to the account;

B. To a licensee who is a producer solely in order to perform marketing for the licensee’s own products or services; or

C. To a participant in an affinity or similar program where the participants in the program are identified to the customer when the customer enters into the program.

3. Examples.

A. A policy number, or similar form of access number or access code, does not include a number or code in an encrypted form, as long as the licensee does not provide the recipient with a means to decode the number or code.

B. For the purposes of this section, a policy or transaction account is an account other than a deposit account or a credit card account. A policy or transaction account does not include an account to which third parties cannot initiate charges.

(4) Exceptions to Limits on Disclosures of Financial Information.

(A) Exception to Opt Out Requirements for Disclosure of Nonpublic Personal Financial Information for Service Providers and Joint Marketing.

1. General rule.

A. The opt out requirements in subsections (2)(D) and (3)(A) do not apply when a licensee provides nonpublic personal financial information to a nonaffiliated third party to perform services for the licensee or functions on the licensee’s behalf, if the licensee—

(I) Provides the initial notice in accordance with subsection (2)(A); and

(II) Enters into a contractual agreement with the third party that prohibits the third party from disclosing or using the information other than to carry out the purposes for which the licensee disclosed the information, including use under an exception in subsection (4)(B) or (4)(C) in the ordinary course of business to carry out those purposes.

B. If a licensee discloses nonpublic personal financial information under this section to a financial institution with which the licensee performs joint marketing, the licensee’s contractual agreement with that institution meets the requirements of part (4)(A)(I)(II) if it prohibits the institution from disclosing or using the nonpublic personal financial information except as necessary to carry out the joint marketing or under
an exception in subsection (4)(B) or (4)(C) in the ordinary course of business to carry out that joint marketing.

2. The services a nonaffiliated third party performs for a licensee under paragraph (4)(A1) of this section may include marketing of the licensee’s own products or services or marketing of financial products or services offered pursuant to joint agreements between the licensee and one (1) or more financial institutions.

3. For purposes of this section, “joint agreement” means a written contract pursuant to which a licensee and one (1) or more financial institutions jointly offer, endorse or, sponsor a financial product or service.

(B) Exceptions to Notice and Opt Out Requirements for Disclosure of Nonpublic Personal Financial Information for Processing and Servicing Transactions.

1. The requirements for initial notice in subparagraph (2)(A1) B., the opt out in subsections (2)(D) and (3)(A), and service providers and joint marketing in subsection (4)(A) do not apply if the licensee discloses nonpublic personal financial information as necessary to effect, administer, or enforce a transaction that a consumer requests or authorizes, or in connection with—

A. Servicing or processing an insurance product or service that a consumer requests or authorizes;

B. Maintaining or servicing the consumer’s account with a licensee or with another entity as part of a private label credit card program or other extension of credit on behalf of such entity;

C. A proposed or actual securitization, secondary market sale (including sales of servicing rights), or similar transaction related to a transaction of the consumer;

D. Reinsurance or stop loss or excess loss insurance; or

E. Soliciting insurance quotes on behalf of a consumer by an agent or a broker.

2. “Necessary to effect, administer or enforce a transaction” means that the disclosure is—

A. Required, or is one of the lawful or appropriate methods, to enforce the licensee’s rights or the rights of other persons engaged in carrying out the financial transaction or providing the product or service; or

B. Required, or is a usual, appropriate, or acceptable method:

   (I) To carry out the transaction or the product or service business of which the transaction is a part, and record, service, or maintain the consumer’s account in the ordinary course of providing the insurance product or service;

   (II) To administer or service benefits or claims relating to the transaction or the product or service business of which it is a part;

   (III) To provide a confirmation, statement or other record of the transaction, or information on the status or value of the insurance product or service to the consumer or the consumer’s agent or broker;

   (IV) To accrue or recognize incentives or bonuses associated with the transaction that are provided by a licensee or any other party;

   (V) To underwrite insurance at the consumer’s request or for any of the following purposes as they relate to a consumer’s insurance: account administration, reporting, investigating or preventing fraud or material misrepresentation, processing premium payments, processing insurance claims, administering insurance benefits (including utilization review activities), participating in research projects, or as otherwise required or specifically permitted by federal or state law; or

   (VI) In connection with—

      (a) The authorization, settlement, billing, processing, clearing, transferring, reconciling or collection of amounts charged, debited, or otherwise paid using a debit, credit, or other payment card, check or account number, or by other payment means;

      (b) The transfer of receivables, accounts, or interests therein; or

      (c) The audit of debit, credit, or other payment information.

(C) Other Exceptions to Notice and Opt Out Requirements for Disclosure of Nonpublic Personal Financial Information.

1. The requirements for initial notice in subparagraph (2)(A1) B., the opt out in subsections (2)(D) and (3)(A), and service providers and joint marketing in subsection (4)(A) do not apply when a licensee discloses nonpublic personal financial information—

   A. With the consent or at the direction of the consumer, provided that the consumer has not revoked the consent or direction;

   B. To protect the confidentiality or security of a licensee’s records pertaining to the consumer, service, product, or transaction;

   C. To protect against or prevent actual or potential fraud or unauthorized transactions;

   D. For required institutional risk control or for resolving consumer disputes or inquiries;

   E. To persons holding a legal or beneficial interest relating to the consumer;

   F. To persons acting in a fiduciary or representative capacity on behalf of the consumer; or

   G. To provide information to insurance rate advisory organizations, guaranty funds or agencies, agencies that are rating a licensee, persons that are assessing the licensee’s compliance with industry standards, and the licensee’s attorneys, accountants, and auditors;

   H. To the extent specifically permitted or required under other provisions of law and in accordance with the federal Right to Financial Privacy Act of 1978 (12 U.S.C. 3401 et seq.), to law enforcement agencies (including the Federal Reserve Board, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, Office of Thrift Supervision, National Credit Union Administration, the Securities and Exchange Commission, the Secretary of the Treasury, with respect to 31 U.S.C. Chapter 53, Subchapter II (Records and Reports on Monetary Instruments and Transactions) and 12 U.S.C. Chapter 21 (Financial Recordkeeping), a state insurance authority, and the Federal Trade Commission), self-regulatory organizations or for an investigation on a matter related to public safety;

   I. To a consumer reporting agency in accordance with the federal Fair Credit Reporting Act (15 U.S.C. 1681 et seq.);

   J. From a consumer report reported by a consumer reporting agency;

   K. In connection with a proposed or actual sale, merger, transfer, or exchange of all or a portion of a business or operating unit if the disclosure of nonpublic personal financial information concerns solely consumers of the business or unit;

   L. To comply with federal, state, or local laws, rules, and other applicable legal requirements;

   M. To comply with a properly authorized civil, criminal, or regulatory investigation, or subpoena or summons by federal, state, or local authorities;

   N. To respond to judicial process or government regulatory authorities having jurisdiction over a licensee for examination, compliance, or other purposes as authorized by law; or

   O. For purposes related to the replacement of a group benefit plan, a group health plan, a group welfare plan, or a workers’ compensation plan.

2. A consumer may revoke consent by subsequently exercising the right to opt out of future disclosures of nonpublic personal information as permitted under paragraph (2)(D)7.


(A) Nothing in this rule may be construed
to modify, limit, or supersede the operation of the federal Fair Credit Reporting Act (15 U.S.C. 1681 et seq.), and no inference may be drawn on the basis of the provisions of this rule regarding whether information is transaction or experience information under section 603 of that Act.

(B) A licensee shall not unfairly discriminate against any consumer or customer because that consumer or customer has opted out from the disclosure of his or her nonpublic personal financial information pursuant to the provisions of this rule. Nothing in this subsection may be construed to prohibit the use of usual, appropriate, or acceptable methods of insurance underwriting.

(C) If any section or portion of a section of this rule or its applicability to any person or circumstance is held invalid by a court, the remainder of the rule or the applicability of the provision to other persons or circumstances shall not be affected.

(D) Effective Date. After the effective date of this rule, no licensee may disclose nonpublic personal financial information to nonaffiliated third parties without first complying with the provisions of section (3) of this rule, including subparagraph (3)(A)(1).


20 CSR 100-6.110 Standards for Safeguarding Customer Information

PURPOSE: This rule establishes standards for developing and implementing administrative, technical, and physical safeguards to protect the security, confidentiality, and integrity of customer information, pursuant to sections 301, 305(b), and 307 of the Gramm-Leach-Bliley Act, codified at 15 U.S.C. 6801, 6805(b), and 6807, and as authorized by section 362.422, RSMo Supp. 2001. This rule requires that the safeguards established pursuant to this rule shall apply to nonpublic personal information and nonpublic personal financial information.

(1) Definitions. For purposes of this rule, the following definitions apply:

(A) “Customer” means a customer of the licensee as the term customer is defined in subsection 20 CSR 100-6.100(1)(i);

(B) “Customer information” means nonpublic personal information as defined in 20 CSR 100-6.100 about a customer, whether in paper, electronic, or other form, that is maintained by or on behalf of the licensee;

(C) “Customer information systems” means the electronic or physical methods used to access, collect, store, use, transmit, protect, or dispose of customer information;

(D) “Licensee” means a licensee as that term is defined in 20 CSR 100-6.100(1)(N), except that “licensee” shall not include: a purchasing group; or an unauthorized insurer in regard to the surplus line business conducted pursuant to 20 CSR 200-6.500 and Chapter 384, RSMo;

(E) “Service provider” means a person that maintains, processes, or otherwise is permitted access to customer information through its provision of services directly to the licensee.

(2) Information Security Program. Each licensee shall implement a comprehensive written information security program that includes administrative, technical, and physical safeguards for the protection of customer information. The administrative, technical, and physical safeguards included in the information security program shall be appropriate to the size and complexity of the licensee and the nature and scope of its activities.

(3) Objectives of Information Security Program. A licensee’s information security program shall be designed to:

(A) Ensure the security and confidentiality of customer information;

(B) Protect against any anticipated threats or hazards to the security or integrity of the information; and

(C) Protect against unauthorized access to or use of the information that could result in substantial harm or inconvenience to any customer.

(4) Examples of Methods of Development and Implementation. The actions and procedures described in sections (5) through (8) of this regulation are examples of methods of implementation of the requirements of sections (2) and (3) of this regulation. These examples are non-exclusive illustrations of actions and procedures that licensees may follow to implement sections (2) and (3) of this regulation.

(5) Assess Risk. The licensee:

(A) Identifies reasonably foreseeable internal or external threats that could result in unauthorized disclosure, misuse, alteration, or destruction of customer information or customer information systems;

(B) Assesses the likelihood and potential damage of these threats, taking into consideration the sensitivity of customer information; and

(C) Assesses the sufficiency of policies, procedures, customer information systems, and other safeguards in place to control risks.

(6) Manage and Control Risk. The licensee:

(A) Designs its information security program to control the identified risks, commensurate with the sensitivity of the information, as well as the complexity and scope of the licensee’s activities;

(B) Trains staff, as appropriate, to implement the licensee’s information security program; and

(C) Regularly tests or otherwise regularly monitors the key control, systems, and procedures of the information security program. The frequency and nature of these tests or other monitoring practices are determined by the licensee’s risk assessment.

(7) Oversee Service Provider Arrangements. The licensee:

(A) Exercises appropriate due diligence in selecting its service providers; and

(B) Requires its service providers to implement appropriate measures designed to meet the objectives of this regulation, and, where indicated by the licensee’s risk assessment, takes appropriate steps to confirm that its service providers have satisfied these obligations.

(8) Adjust the Program. The licensee evaluates and adjusts, as appropriate, the information security program in light of any relevant changes in technology, the sensitivity of its customer information, internal or external threats to information, and the licensee’s own changing business arrangements, such as mergers and acquisitions, alliances and joint ventures, outsourcing arrangements, and changes to customer information systems.

(9) Compliance Date. Each licensee shall establish and implement an information security program, including appropriate policies and systems pursuant to this regulation by June 1, 2003.
