



January 4, 2007

Deborah O'Loughlin
New Hampshire Insurance Department
21 South Fruit Street
Suite 14
Concord, N.H. 03301

**PROFESSIONAL
INSURANCE
AGENTS**

Dear Ms. O'Loughlin:

The purpose of this letter is to offer comments relating to the initial proposal of Chapter Ins. 3700 Standards for Safeguarding Customer Information.

In general, PIANH supports the proposed changes to the rule. The proposed changes, however, raise several questions that may need to be addressed before the rule is finalized. Traditionally, words and phrases in laws and regulations are afforded their commonly understood meaning if not specifically defined, but certain words and phrases are so essential to the proper interpretation of a rule or law that they require definition. In the case of Ins. 3700, neither "security breach" nor "unauthorized access" are defined. Inclusion of a definition of "security breach," such as it appears in H.B. 1600, would help clarify the application of this rule.

PIANH also has serious concerns with the substance of the notice prescribed by section Ins. 3702.05. While understanding that the intent of the proposed section is to provide the aggrieved customer with information that can be helpful in limiting the damage caused by a security breach, the information and recommendations required by this section more appropriately should come from a credit reporting agency, not the licensees subject to the rule. For example, the proposed rule obligates the licensee to recommend that the customer review bank statements, describe how to place a fraud alert and explain how to obtain a credit report.

The rule would be clearer if it simply required the licensee's notice to advise the customer to contact a credit reporting agency and ask for further information. Such a directive will significantly reduce the chance that a licensee will provide the wrong information to the customer, as could be expected in the absence of a standardized notice.

If the section describing the content of the notice is not changed, the phrase "fraud alert" also should be defined. In that case, the rule also should at least direct the licensee how to find accurate information on how to obtain a credit report free of charge, in light of the requirement that the licensee pass this information on to the customer. To be clear, however, PIANH suggests making the changes suggested above in order to better accomplish the intended affect of H.B. 1600, the legislation that gave rise to this rule proposal.

25 CHAMBERLAIN ST.
P. O. BOX 997
GLENMONT, NY 12077-0997
800/424-4244
FAX: 888/225-6935
WEB: www.pianh.org
E-MAIL: pia@piaonline.org

Finally, PIANH would like the department to verify that pursuant to Insurance Law section 359-C:20(V), a licensee who complies with the mandates of Ins. 3700 will be deemed to be in compliance with section 359-C:20(V).

Sincerely,

A handwritten signature in black ink that reads "Judy George, CIC". The signature is written in a cursive style with a large initial "J" and "G".

Judy George, CIC
President, PIANH