



Financial Security for Life

**Statement for the Record**

Submitted to the  
United States House of Representatives  
Committee on Financial Services

*"Updating America's Financial Privacy Framework for the 21<sup>st</sup> Century"*

March 17, 2026

On Behalf of  
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The American Council of Life Insurers (ACLI) is pleased to submit this statement for the record to the Financial Services Committee regarding “*Updating America’s Financial Privacy Framework for the 21<sup>st</sup> Century.*” ACLI thanks Chairman French Hill for holding this hearing about the importance of modernizing the Gramm-Leach-Bliley Act (GLBA) and addressing the need for a federal privacy framework.

GLBA modernization is critical to furthering consumer protections surrounding the collection, use, and disclosure of Americans’ personal information. A modernized data privacy framework should address the consumer’s ability to access affordable and readily available life insurance services and products. As a longstanding conscientious and responsible guardian of customers’ confidential health and financial information, life insurers obtain sensitive customer data in order to provide effective and affordable products to consumers, and ACLI has long advocated for common-sense, consumer-oriented policy proposals. For more than 175 years, customers have depended on our ability to help protect their financial futures and ACLI members recognize their affirmative and continuing commitment to respect consumer privacy through transparency about the collection, use and disclosure of personal information.

## **THE AMERICAN COUNCIL OF LIFE INSURERS**

ACLI advocates on behalf of 275 member companies dedicated to helping people build financial security through every stage of life. We protect 90 million American families with financial products that reduce risk and create certainty, including life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, paid family and medical leave benefits, dental and vision benefits, and supplemental benefits. Americans are living longer and often find themselves caring for other family members, placing added financial strain on households. Life insurers help provide certainty – and we are committed to making protection more available, accessible, and affordable. The business model that makes these financial guarantees means that life insurers are among the most significant long-term investors in the American economy, holding trillions in corporate bonds, municipal debt, and infrastructure financing. The stability of this industry underwrites the stability of capital markets that fund American growth.

## **LIFE INSURERS AND GLBA MODERNIZATION**

The current patchwork of data privacy regulation has proven inconsistent in application and scope, underscoring the need to modernize the federal data privacy framework. ACLI members believe consumers and companies need consistent privacy rules providing equal protections across the country. A patchwork quilt of differing state-by-state privacy regulations is confusing, frustrating, and potentially harmful to consumers. The existing state approach extends beyond just GLBA exemptions, which vary significantly state to state, but also in opt-in and opt-out nuances, different terms and definitions, and harmonization with other existing state and federal laws leading to consumer, regulator, and industry harm.

The best way to modernize data privacy provisions through a federal law is with harmonization and modernization of GLBA. GLBA serves as the strongest basis for harmonization across financial services, particularly for the insurance industry. GLBA balances consumer needs and retains important protections. Examples include narrowly tailored affiliate sharing and joint marketing provisions that allow consumers to obtain financial products and services from already trusted providers. GLBA currently preserves opt-out, the ability for data sharing within a family of companies, and service providers and non-affiliated third parties to carry out business. These opt-out preservations and exceptions for compliance with other legal requirements are also cornerstones of GLBA which have proven workable and crucial in practice. GLBA modernization should maintain these important and longstanding protections.

## Areas for GLBA Modernization

There is room for modernization within GLBA, including rights to access, correction, and deletion, streamlining privacy notices and electronic delivery, updating provisions to address the length of notices that can cause customer confusion, and digital access to meet rising consumer need.

- **Streamlining privacy notices and disclosures** includes consideration of what is clear and understandable to consumers, not lengthy notices that are hard to comprehend. For example, disclosures related to providing customers categories of third parties are more helpful and meaningful to customers as opposed to a list of third parties.
- **Data minimization** for life insurers should be carefully considered as life insurers service long-duration products. While data minimization is necessary, legislation should continue to permit insurers to retain and use data under the current exceptions and business processes as well as legal requirements. We support data minimization where these considerations are acknowledged via exceptions. Consumers should have meaningful control over their data while also maintaining the insurer's ability to carry out the services requested by the customer.
- For **federal preemption** to be meaningful in application to address the inconsistencies across states, legislation must be the ceiling, not a threshold. For provisions addressing state insurance authority, outlining that enforcement and state application does not create requirements more stringent than what is contained in the modernized GLBA is key. To promote consistency, which will greatly benefit consumer choice and accessibility, preemption must be more than a suggestion.

## CONCLUSION

The consumer and industry approach to data privacy has changed significantly during the past decade and, absent federal modernization, conflicting and inconsistent state privacy laws will continue to confuse customer understanding of their own data protections and interfere with the ability of consumers to access financial services products and account services. ACLI members support reasonable customer control over personal information and legitimate expectations that personal information entrusted to and used by businesses will be kept confidential and secure. To meet these consumer expectations, ACLI members support federal legislation that provides preemptive, uniform national standards, in principle and application, for all consumers to govern their interactions with all business sectors.

Thank you for your consideration and the leadership of the House Financial Services Committee on this important issue.