

NOTICE OF PRIVACY PRACTICES

PBS INSURANCE UNDERWRITING CORPORATION AND ITS SUBSIDIARIES/AFFILIATES AND RPG'S

CONGRESS PASSED THE GRAMM-LEACH-BLILEY (GLB) ACT. WHICH DEALS IN PART WITH HOW FINANCIAL INSTITUTIONS TREAT NONPUBLIC PERSONAL FINANCIAL INFORMATION. PBS INSURANCE UNDERWRITING CORPORATION AND ITS SUBSIDIARIES, AFFILIATES AND RPG'S HAVE ALWAYS BEEN COMMITTED TO MAINTAINING CUSTOMER CONFIDENTIALITY. WE APPRECIATE THIS OPPORTUNITY TO CLARIFY OUR PRIVACY PRACTICES FOR YOU AS A RESULT OF THIS NEW LAW.

- AS PART OF OUR INSURANCE BUSINESS, WE OBTAIN CERTAIN "NONPUBLIC PERSONAL FINANCIAL INFORMATION" ABOUT YOU, WHICH FOR EASE OF READING WE WILL REFER TO AS "INFORMATION" IN THIS NOTICE. THIS INFORMATION INCLUDES INFORMATION WE RECEIVE FROM YOU ON APPLICATIONS OR OTHER FORMS, INFORMATION ABOUT YOUR TRANSACTIONS WITH US, OUR AFFILIATES OR OTHER, AND INFORMATION WE RECEIVE FROM A CONSUMER REPORTING AGENCY.
- WE RESTRICT ACCESS TO THE INFORMATION TO AUTHORIZED INDIVIDUALS WHO NEED TO KNOW THIS INFORMATION TO PROVIDE SERVICE AND PRODUCTS TO YOU.
- WE MAINTAIN PHYSICAL, ELECTRONIC, AND PROCEDURAL SAFEGUARDS THAT PROTECT YOUR INFORMATION.
- WE DO NOT DISCLOSE THIS INFORMATION ABOUT YOU OR ANY FORMER CUSTOMERS TO ANYONE, EXCEPT AS PERMITTED BY LAW.
- EMPLOYEES SHARE THIS INFORMATION OUTSIDE THE COMPANY ONLY AS AUTHORIZED BY YOU OR FOR A SPECIFIC BUSINESS PURPOSE.
- THE LAW PERMITS US TO SHARE THIS INFORMATION WITH OUR AFFILIATES, INCLUDING INSURANCE COMPANIES AND INSURANCE SERVICE PROVIDERS.
- THE LAW ALSO PERMITS US TO SHARE THIS INFORMATION WITH COMPANIES THAT PERFORM MARKETING SERVICES FOR US, OR OTHER FINANCIAL INSTITUTIONS THAT HAVE JOINT MARKETING AGREEMENTS WITH US.

WE MAY ALSO SHARE OTHER TYPES OF INFORMATION WITH OUR AFFILIATES, INCLUDING INSURANCE COMPANIES AND INSURANCE SERVICE PROVIDERS. THIS INFORMATION MY BE FINANCIAL OR OTHER PERSONAL INFORMATION SUCH AS EMPLOYMENT HISTORY AND IT MAY NOT BE DIRECTLY RELATED TO OUR TRANSACTION WITH YOU. CONSISTENT WITH THE FAIR CREDIT REPORTING ACT, OUR STANDARD AUTHORIZATIONS PERMIT US TO SHARE THIS INFORMATION WITH OUR AFFILIATES.

YOU DO NOT NEED TO CALL, OR DO ANYTHING AS A RESULT OF THIS NOTICE. IT IS MEANT TO INFORM YOU OF HOW WE SAFEGUARD YOUR NONPUBLIC PERSONAL FINANCIAL INFORMATION. YOU MAY WISH TO FILE THIS NOTICE WITH YOUR INSURANCE PAPERS.

IF YOU WANT TO LEARN MORE ABOUT THE GLB ACT, PLEASE CONTACT YOUR INSURANCE PROFESSIONAL.

WE VALUE OUR RELATIONSHIP WITH YOU AN STRIVE TO EARN YOUR CONTINUED TRUST.

Legislative Background: Gramm-Leach-Bliley Act (S.900)

Protect Consumer Privacy *

* Source: *The Heritage Foundation*, www.heritage.org/library/backgrounder/bg1338.html

- For the first time, under S. 900 banks and other financial services firms would be required to develop privacy standards regarding sharing a customer's confidential data with corporate affiliates and other companies. This policy would have to be explained to every new customer and provided annually to existing customers. This section of the bill has several major benefits. It would:
- Allow customers to know how confidential information will be treated. Instead of hoping a financial services company will treat their personal data as confidential, consumers will receive an explicit disclosure of how such information will be used by the firm. The stated policy must specify how and under what circumstances confidential information, what is not available from other public sources, would be disclosed among the firm's affiliates and other firms. Customers who object to any portion of this policy would be able to take their business to another firm.
- Allow consumers to control how their personal information is shared. S. 900 would give customers the explicit right to prohibit financial services companies from sharing their personal confidential information with other non-affiliated firms. Once a consumer makes that decision, financial companies would be prohibited from violating their instructions. Anyone attempting to obtain this information fraudulently by pretending to be the consumer or any similar action could be sent to federal prison for up to five years.
- Protect both account numbers and access codes. Under S. 900, financial services firms would be completely prohibited from disclosing either customer account numbers or access codes to any telemarketer or direct marketing firm.
- Give customers the benefit of full-service financial firms. A major benefit of these new financial services supermarkets would be the consumer's ability to obtain traditional products, such as loans, securities, and insurance and any new products from the same source. Since the financial firm already would know each customer's financial history, it would be able to make more rapid decisions on loan applications and other requests.
- Establish protections that are realistic and cost-effective. Although some groups have been attempting to scare workers into believing their personal data would be at risk under S. 900, this is simply not true. Its privacy protections are carefully balanced to benefit both workers and companies. Workers receive explicit knowledge about how their information will be used, while companies gain the opportunity to offer a full range of products to customers who qualify for them.

TITLE V - PRIVACY **

** Source: *United States Senate, www.senate.gov/~banking/conf/grmleach.htm*

- Requires clear disclosure by all financial institutions of their privacy policy regarding the sharing of non-public personal information with both affiliates and third parties.
- Requires a notice to consumers and an opportunity to “opt-out” of sharing of non-public personal information with nonaffiliated third parties subject to certain limited exceptions.
- Addresses a potential imbalance between the treatment of large financial services conglomerates and small banks by including an exception, subject to strict controls, for joint marketing arrangements between financial institutions.
- Clarifies that the disclosure of a financial institution’s privacy policy is required to take place at the time of establishing a customer relationship with a consumer and not less than annually during the continuation of such relationship.
- Provides for a separate rather than joint rulemaking to carry out the purposes of the subtitle; the relevant agencies are directed, however, to consult and coordinate with one another for purposes of assuring the maximum extent possible that the regulations that each prescribes are consistent and comparable with those prescribed by the other agencies.
- Allows the functional regulators sufficient flexibility to prescribe necessary exceptions and clarifications to the prohibitions and requirements of section 502.
- Clarifies that the remedies described in section 505 are the exclusive remedies for violations of the subtitle.
- Clarifies that nothing in this title is intended to modify, limit, or superseded the operation of the Fair Credit Reporting Act.
- Extends the time period for completions of a study of financial institutions’ information-sharing practices from 6 to 18 months from date of enactment.
- Requires that rules for the discloser of institutions’ privacy policies must be issued by regulators within 6 months of the date of enactment. The rules will become effective 6 months after they are required to be prescribed unless the regulators specify a later date.
- Assigns authority for enforcing the subtitle’s provisions to the Federal Trade Commission and the Federal banking agencies, the National Credit Union Administration, the Securities and Exchange Commission, according to their respective jurisdictions, and provides for enforcement of the subtitle by the States.