SENATE RULES COMMITTEE SB 354
Office of Senate Floor Analyses
(916) 651-4171

UNFINISHED BUSINESS

Bill No: SB 354
Author: Limón (D)
Amended: 8/21/26
Vote: 21

SENATE INSURANCE COMMITTEE: 5-2, 4/9/25
AYES: Rubio, Becker, Caballero, Padilla, Wahab
NOES: Niello, Jones

SENATE JUDICIARY COMMITTEE: 11-2, 4/29/25
AYES: Umberg, Allen, Arreguín, Ashby, Caballero, Durazo, Laird, Stern, Wahab, Weber Pierson, Wiener
NOES: Niello, Valladares

SENATE APPROPRIATIONS COMMITTEE: 5-1, 5/23/25
AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab
NOES: Seyarto
NO VOTE RECORDED: Dahle

SENATE FLOOR: 28-10, 6/4/25
AYES: Allen, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener
NOES: Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland, Valladares
NO VOTE RECORDED: Archuleta, Reyes

ASSEMBLY FLOOR: Passed, 8/27/26

SUBJECT: Insurance Information and Privacy Protection Act

SOURCE: Insurance Commissioner Ricardo Lara / California Department of Insurance

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DIGEST: This bill expands and updates related laws to establish standards for the collection, use, storage, disclosure, analysis, deletion, retention, or modification of personal information (PI), collectively known as “processing” and “sharing” of consumer PI by licensees, surplus line insurers, reinsurers, and their third-party service providers in the business of insurance.

Assembly Amendments 1) Create an effective date of July 1, 2028 for the bill’s provisions. 2) Revise the applicability and amounts of associated penalties. 3) Clarify that the bill’s provisions apply to licensees, surplus lines insurers, or reinsurers, as specified. 4) Provide additional specifications on protections related to the processing and sharing of a consumer’s PI. 5) Address chaptering issues with AB 1798.

ANALYSIS:

Existing law:

1) The Insurance Information and Privacy Protection Act (IIPPA), provides protections for personally identifiable information, collected by an agent, broker, or insurance company in order for a consumer to apply for insurance or submit a claim. These entities must provide consumers with a notice that describes the entities' practices and policies regarding privacy, as well as the kind of information collected about a consumer in connection with an application for insurance, submission of a claim, or other insurance transaction. The notice also must include how and with whom a consumer’s personal information will be shared, and their rights to restrict the sharing of that information.

2) The California Consumer Privacy Act (CCPA), among other rights, provides consumers the right to know what personal information is collected by a business, the right to access the personal information that is collected, the right to delete it, the right to know whether, and what personal information is being sold or disclosed, and the right to stop a business from selling their information.

3) The California Privacy Rights Act (CPRA), approved by the voters as Proposition 24, expanded the protections of the CCPA. Among these changes were the right to limit the use of sensitive personal information, including limits on how long a company can retain personal information, as well as the right to correct the personal information a company possesses. The CPRA also created non-retaliation protections for individuals who exercise these privacy rights. Additionally, the CPRA created the California Privacy Protection

Agency (CPPA) with the purpose of implementing and enforcing these laws, and educating the public on their rights and businesses' obligations under the CCPA and CPRA.

This bill:

1) Amends and expands the privacy notice required under IIPPA to include specified information and details the procedures for the provision of the notice.

2) Prohibits a licensee, surplus line insurer, reinsurer or third-party service provider (TPSP) from selling a consumer's PI for any type of monetary or other valuable consideration.

3) Prohibits a licensee, surplus line insurer, reinsurer, or TPSP from sharing a consumer's PI in a manner inconsistent with the consent provided by the consumer. Requires provision of a reasonable means for the consumer to give prior, opt-in consent or to opt out, and specifies purposes for which a consumer must opt-in or be provided the opportunity to opt-out of PI sharing.

4) Prohibits a licensee, surplus line insurer, reinsurer, or TPSP from processing and sharing a consumer's sensitive PI, other than in connection with an insurance transaction or legal obligation, or for a disclosed purpose if the consumer has been provided the opportunity to opt out.

5) Specifies that a licensee's processing and sharing of a consumer's PI must be reasonably necessary and proportionate to achieve the purposes for which the PI was collected or processed, for another disclosed purpose for which the PI was collected and not further processed in a manner that is incompatible with those protections or for one of various specified purposes.

6) Requires a licensee, surplus line insurer, or reinsurer to develop a written records retention policy and records retention schedule, and to review records containing PI at least once every three years to determine whether retention of the PI remains permissible.

7) Clarifies a consumer's right to request access, amend, or delete the consumer's PI in possession of a licensee, surplus line insurer, reinsurer, or its TPSP, and requires the licensee, surplus line insurer, reinsurer, or TPSP to provide easily accessible means for consumers to exercise their rights, as specified.

8) Provides that the provisions of the IIPPA as amended preempt and supersede all state laws and portions of state laws relating to consumer privacy that are inconsistent with the bill.

Related/Prior Legislation

AB 375 (Chau, Chapter 55, Statutes of 2018). Enacted the California Consumer Privacy Act which specified rights of consumers regarding their personal information and its collection and use by businesses.

SB 1121 (Dodd, Chapter 735, Statutes of 2018). Further clarified the provisions of the California Consumer Privacy Act of 2018.

SB 793 (Glazer, Chapter 184, Statutes of 2023). Allowed an insurer to send privacy policy notices once initially, and subsequently when a change is made in the policy, in order to comply with the privacy notice requirements of the Insurance Information and Privacy Protection Act.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Assembly Appropriations Committee:

The California Department of Insurance (CDI) reports costs of approximately $34,500 in each fiscal year 2026-27 and 2027-28 to implement this bill, including adopting specified regulations (Insurance Fund). However, it is possible for this bill to result in significant costs, in excess of $150,000, partially offset by penalties and fines, depending on the total number of insurers and TPSPs subject to the new privacy requirements, the volume of related consumer complaints received, and the complexity of any subsequent investigations and hearings. Given the breadth of the proposed IIPPA updates, CDI may require more resources, especially in the first few years, for additional specialized staff to support administrative, examination, investigatory, and enforcement activities.

The California Privacy Protection Agency reports no costs related to this bill. However, the CPPA may incur minor workload costs to the extent the CPPA reviews any proposed Insurance Commissioner regulations to identify conflicts and engages with CDI or the public on such matters.

SUPPORT: (Verified 8/25/26)

Insurance Commissioner Ricardo Lara / California Department of Insurance (source)
Ahavahprem Software Corp
California Western School of Law
Consumer Federation of California
Department of Insurance
Healthcare Consumer Advocate

Infortal Worldwide Strategic Corporate Investigations
Multicultural Business Alliance
Oakland Privacy
Poindexter Consulting Group
Privacy Defense Alliance
Privacy Rights Clearinghouse
Veterans in Business Network
Wicked Bionic Culturally Relevant Marketing

OPPOSITION: (Verified 8/25/26)

The Western Insurance Agents Association
California Chamber of Commerce
Consumer Data Industry Association
Council of Insurance Agents and Brokers
Coalition for Sensible Public Records Access
Cellular Telecommunications and Internet Association
Relx INC.
Responsible Data Alliance
Software and Information Industry Association
Software Information Industry Association
TechCA
Technet
Wholesale and Specialty Insurance Association

ARGUMENTS IN SUPPORT: Insurance Commissioner Ricardo Lara, sponsor of this bill, states:

"SB 354 will enhance the Insurance Information and Privacy Protection Act. This landmark legislation recognizes that California consumers have the right to reasonable privacy protections that address the demands of an information-intensive insurance business climate. Under this bill, insurers would be required to follow clear standards for collecting and using personal data, ensuring that information is gathered for the purpose required by the consumer, unless otherwise specified. SB 354 would prohibit the sale of consumers' personal information for any reason, and guarantee consumers the rights to access, verify, correct, or dispute the accuracy of information held about them. To reinforce these protections, this bill would mandate robust data minimization and retention limits to ensure only information necessary for underwriting, servicing, or claims handling is collected and retained, and establishes accountability and enforcement mechanisms to prevent improper processing or misuse of consumer data by insurers and their services providers.

More than almost any industry, insurance companies require significant amounts of personal information from consumers in order to properly manage risks. As innovative technologies and business practices continue to redefine the insurance market, California's decades-old insurance privacy laws have been outpaced by the scale, speed, and manner in which consumer personal information is processed. The significant gap in oversight concerning the use of sophisticated technologies and increasingly complex contractual arrangements between insurers and service providers leaves consumers vulnerable. Personal information is over collected, sold, and shared with entities not contemplated by the consumer, and fraud arising from data breaches has proliferated with the unauthorized exposure of consumers' personal information. SB 354 upholds our state's constitutional values by furthering the purposes and intent of CPRA to ensure California's insurance laws enable my Department – as the state's insurance regulatory entity – with the necessary authority to adequately and fairly regulate the insurance industry."

ARGUMENTS IN OPPOSITION: According to a coalition led by the California Chamber of Commerce in opposition to a prior version of the bill:

"[SB 354] creates obligations that are not aligned with the California Consumer Privacy Act. As a result, entities that are subject to both the CCPA and the Insurance Code will be subject to obligations that in some cases will be duplicative and may actually conflict with each other. As a result, consumers that do business with a particular entity that is subject to both frameworks will not have one set of rights, but rather they will need to navigate between the regimes which will depend on the specific data at issue with regard to a specific transaction. Accordingly, for the same rights afforded in the Insurance Code, such as right to know and deletion, we urge you to align the requirements.

Of greatest concern are the additional requirements and expansion to entities that currently are not in scope for the Code's requirements. In particular, terms such as "insurance support organization" and "licensee" have been expanded, and a new term, "third-party service provider", will result in conflicting and duplicative consumer privacy obligations for companies already defined as "businesses" under the California Consumer Privacy Act and "data brokers" as defined under the California Delete Act. By expanding the law in this way, we are concerned that any entity that touches personal information could potentially be implicated, including cloud-computing companies, document management platforms, payment and wire service providers, communication platforms, customer relationship management providers, and similar vendors. Further, SB 354 would infringe upon longstanding constitutional protections for publicly available information and impose a punitive private right of action inconsistent with the treatment of personal information under California's existing consumer privacy laws."

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8/27/26 16:28:56

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