

Virginia

Regulatory Hot Tip 2015 – 2

Professional Insurance Agents Association of Virginia and DC, Inc.

REMEMBER TO KEEP YOUR AGENCY INFORMATION SECURITY PROGRAM UP TO DATE!

Often as busy business owners, we go to the trouble and expense of creating a new office policy consistent with industry standards (where applicable), laws, or good business practices, but we fail to realize that these are living documents which need review, refreshing and tweaking from time to time. Furthermore, as personnel changes occur in your Agency ---you have an obligation to make sure that your new employees are "in the know," so to speak, about policies and procedures that your Agency has in force. Failure to refresh these policies could lead Agency owners to be in violation of the law.

Your Agency's Information Security Program which is mandated by Virginia law, specifically VA Code § 38.2-613.2, is one of those items that needs occasional TLC. Don't make the mistake of developing such a program but then failing to refresh it from time to time as is dictated by your business, your clients, your insurers, etc. In case you have forgotten, this Virginia statute currently reads as follows:

The author of this Regulatory Hot Tip endeavors to provide accurate and authoritative information about the subject matter covered as of the date of publication. However, the substantive information and any statutory authority contained in this Hot Tip should be verified as they are subject to change with the passage of time. The author provides this Hot Tip with the understanding that she is not rendering legal, accounting, or other professional advice or counsel. If legal advice or other expert assistance is required, the services of a competent professional should be sought. This publication is authored by JoAnne L. Nolte, JD, CIC, CPCU, FLMI, CLU, who practices at The Nolte Law Firm, P.C., 1427 W. Main Street, Richmond, VA 23220. NolteLaw offers [Solutions for Business—Large and Small](#); just call (804) 658-4518.

NolteLaw's practice focuses on general business matters (such as business formation, acquisitions, dissolutions and employment questions) and administrative law issues (such as rulemaking and compliance) affecting regulated entities. Our diverse client base includes restaurants, healthcare providers, contractors, fiber-optic and conduit installers, business entrepreneurs, telecommunications companies, insurance entities, financial institutions, mortgage loan originators, water & sewer providers, and insurance receiverships. Jo has served as attorney for the Virginia State Corporation Commission and as in-house counsel to a privately owned national corporation. She also owned and operated an insurance surplus lines brokerage agency and an insurance consulting business.

§ 38.2-613.2. Information security program.

A. Each insurance institution, agent, and insurance-support organization shall implement a comprehensive written information security program that includes administrative, technical, and physical safeguards for the protection of policyholder information. The administrative, technical, and physical safeguards included in the information security program shall be appropriate to the size and complexity of the insurance institution, agent, or insurance-support organization and the nature and scope of its activities.

B. The information security program shall be designed to:

1. Ensure the security and confidentiality of policyholder information;
2. Protect against any anticipated threats or hazards to the security or integrity of the information; and
3. Protect against unauthorized access to or use of the information that could result in substantial harm or inconvenience to any policyholder.

The duty to keep this program up to date is yours and the purpose of this Hot Tip is not to guide you through how to set up your own Agency Information Security Program as your PIA Association has helpful information posted for you on its website. There is no need for me to repeat it again here. This is just a gentle reminder that this is not a static document. You need to periodically review your Agency's program and update it as necessary.

In fact, why not set up an annual review for all of your Agency's policies, programs and procedures? Having some documentation in your agency files that your policies, programs and procedures are being regularly reviewed could come in handy someday. Besides, it's just good business!