Orrick Introduces Software To Help Cos. Meet EU Data Rules

By William Shaw

*Law360, London (September 7, 2017, 4:56 PM BST)* -- Orrick Herrington & Sutcliffe LLP has launched ambitious new software to help companies test their readiness for when the European Union’s formidable new data rules take force next May.

The international law firm released the package on Wednesday amid concerns that companies that don’t conduct a radical overhaul could risk mammoth fines after the General Data Protection Regulation kicks in on May 25, 2018.

“The GDPR is complex and not easy to navigate, and Orrick’s tool helps companies understand their risk and prepare for compliance,” Kolvin Stone, a London-based partner, said in a statement.

The new package comes as Consumer Intelligence, a financial research company, warned that home and motor insurers face a collective bill of around £100 million ($131 million) if they don’t win explicit permission from customers to store their data under the EU regime.

Firms could face the massive bill after securing replacement new customers via price comparison websites where potential leads can cost firms as much as £45, Consumer Intelligence warned on Thursday.

“The vast majority of insurers are not compliant with the new regulations and the industry needs a serious rethink in the way it engages with customers,” Ian Hughes, chief executive of Consumer Intelligence, said in a statement.

Larger brands with long-established bases could take the biggest hit, with smaller rivals that already rely on price comparison websites experiencing something of a benefit. Consumer Intelligence says less than a third of drivers would give permission for their data to be stored, which could force insurers to delete millions of customer records.

Orrick’s new software allows companies to enter information about their operations, then receive a personalized report on their readiness for the new regime. The package asks the user questions under 14 topics, which include notifications of data breaches, record keeping and special categories of data. Also covered are consent, international transfers of data and assessing compliance.

The GDPR could theoretically expose firms to fines of up to £17 million ($22 million) or 4 percent of
global turnover, whichever is higher. In reality, the new penalties for data breaches are likely to be far lighter in the U.K. The Information Commissioner's Office, Britain's data regulator, has said that financial punishments will remain a last resort.

Nonetheless, the new rules pose a particular threat to insurers, which depends on storing customers’ personal data to calculate risk and decide the cost of premiums.

Insurance trade groups in the U.K. have fiercely lobbied for an exemption for their industry, to ensure they can keep doing business. Clyde & Co. LLP has worked with Lloyd's of London and the British Insurance Brokers' Association to lobby the U.K.'s Department for Digital, Culture, Media and Sport to create a new legal basis for processing sensitive data.

Under new laws, when a business or individual no longer wants data to be processed and there is no legitimate grounds for retaining it, the data must be deleted. For a clean sweep, a firm may have to check through thousands of documents for a single person who wants his or her information wiped.

--Editing by Emily Kokoll.

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