Vizio Loses Privacy Lawsuit Filed Against Insurer

May 7, 2021 - Vizio makes a very good TV. The company has repeatedly won awards at the Consumer Electronics Show (CES). But TVs aren€™t the only thing that they've been known for. Back in 2015, ProPublica published an article that would cost the company millions of dollars. That article detailed the ways in which the company was selling consumer data from their smart TV's. And they were doing it without specific permission from their customers.

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Just about every TV you can buy today is a smart TV. That means that the TV itself has some sort of computer processor in it. You can download apps to the TV, just like you do for your smart phone. And the TV won't work properly if it isn't connected to the internet. That may sound just fine to you but consider this. Google, Apple and your cell phone company all have the ability to know where you go and what interests you. If your TV acts the same way as a smart, that means your TV manufacturer may have access to similar amounts of information about you.

In the case of smart TV's, TV manufacturers want to know what you are watching. That information can then be sold to advertisers to target their advertising. But most manufacturers don't sell your personally identifiable information. They collect and sell aggregated data. For anything beyond that, they require you to opt-in. Vizio was different.

Vizio was collecting personal information based on your viewing habits and then matching that information to your cell phone and other devices. They were then selling that information to advertisers; allowing the advertisers to push adds to your cell phone, computer or tablet without your permission. Customers who didn't want to be tracked in this manner were required to opt-out. That's a little difficult when you don't know that the company is tracking you in the first place. But ProPublica did find out and that got the company sued. The company ultimately settled a class action suite for $17 million. NOTE: It is illegal for cable and satellite companies to sell this type of information, but Vizio doesn't fit into either of these categories.

Vizio was forced to mount a defense against the privacy claims being made against them. But the company had insurance policies to protect them, so they weren't particularly worried. Unfortunately for them, their insurers weren't too happy about their business practices and two of them decided that it wasn't within their policy parameters to defend the company. So Vizio sued them.

One of those companies was Arch Insurance. Vizio was claiming that Arch has an obligation to defend the company against claims. Arch disagreed and went to court. This week a federal judge handed down a ruling that Vizio is sure to be

unhappy with, but which is good for consumers. Judge Otis Wright said that Arch was under no obligation to provide a defense to the company.

Companies need to be held accountable for privacy violations such as this. It's one thing to ask an insurance company to pay for something that was an oversight or a mistake. It is something completely different when a company violates the privacy rights of its customers and views those violations as a part of its business model. Hopefully, Vizio has learned that lesson. The company entered an agreement with the US Government to discontinue it's tracking of viewing habits unless customer opt-in.

by Jim Malmberg

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