



Senate

General Assembly

File No. 270

January Session, 2015

Substitute Senate Bill No. 1024

Senate, March 26, 2015

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE SECURITY OF CONSUMER DATA.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) (a) As used in this section,
2 (1) "encrypt" means the transformation of electronic data into a form in
3 which meaning cannot be assigned without the use of a confidential
4 process or key, and (2) "personal information" means an individual's
5 first name or first initial and last name in combination with any one or
6 more of the following data: (A) A Social Security number; (B) a driver's
7 license number or a state identification number; (C) an address; or (D)
8 identifiable health information. "Personal information" does not
9 include publicly available information that is lawfully made available
10 to the general public from federal, state or local government records or
11 widely distributed media.

12 (b) Not later than two years after the effective date of this section,
13 each health insurer, health care center and other entity licensed to do
14 health insurance business in this state, pharmacy benefits manager, as
15 defined in section 38a-479aaa of the general statutes, third-party

16 administrator, as defined in section 38a-720 of the general statutes, that
 17 administers health benefits, and utilization review company, as
 18 defined in section 38a-591a of the general statutes, shall implement
 19 security technology that encrypts the personal information of insureds
 20 and enrollees that is compiled or maintained by such insurer, health
 21 care center or other entity, pharmacy benefits manager, third-party
 22 administrator or utilization review company.

23 (c) Any such security technology shall be updated as is necessary
 24 and practicable. The Insurance Commissioner, in consultation with the
 25 Commissioner of Consumer Protection, shall adopt regulations, in
 26 accordance with the provisions of chapter 54 of the general statutes, to
 27 establish minimum standards for such security technology and to
 28 implement the provisions of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section

Statement of Legislative Commissioners:

In Sec. 1(b), "health" was inserted before the first "insurer" for accuracy.

INS *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill requires the encryption of certain consumer data by health insurers and related entities. As this concerns the operations of private insurance companies, there is no state or municipal fiscal impact.

The Out Years***State Impact:*** None***Municipal Impact:*** None

OLR Bill Analysis**sSB 1024****AN ACT CONCERNING THE SECURITY OF CONSUMER DATA.****SUMMARY:**

This bill requires all health insurers, HMOs, and related entities, within two years of the bill's passage, to (1) encrypt the personal information of insureds and enrollees compiled or maintained by the entity and (2) update its encryption technology as necessary and practicable. The bill does not specify the penalties for failing to do so.

The bill requires the insurance commissioner, in consultation with the consumer protection commissioner, to adopt regulations to establish the minimum standards for the encryption technology and implement the bill.

EFFECTIVE DATE: Upon passage

AFFECTED ENTITIES

The bill applies to each (1) health insurer, HMO, and other entity licensed to write health insurance in Connecticut; (2) pharmacy benefits manager; (3) third party administrator that administers health benefits; and (4) utilization review company.

ENCRYPT

Under the bill, "encrypt" means to transform electronic data into a form in which meaning cannot be understood without the use of a confidential process or key.

PERSONAL INFORMATION

The bill defines "personal information" as a person's first name or initial and last name used with any one or more of the following: (1) a Social Security number, (2) a driver's license or state identification

number, (3) an address, or (4) identifiable health information. Personal information does not include publicly available information lawfully available in government records or widely distributed media.

BACKGROUND

Related Bill

sSB 99 (§ 2), favorably reported by the General Law Committee, requires certain insurers, HMOs, banking or financial organizations, and data brokers to (1) encrypt customers' personal information and (2) provide customers with written notice of unauthorized access to their personal information and two years of identity theft monitoring.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 19 Nay 0 (03/12/2015)