

Legislative Analysis



SECURITY BREACH DISCLOSURE FOR INSURERS

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House Bill 5275 as introduced
Sponsor: Rep. Tom Cochran
Committee: Insurance
Complete to 2-13-18

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5275 would amend Chapter 4 of the Insurance Code (Authorization of Insurer and General Requirements) to require additional information in an annual report insurers must send to the director of the Department of Insurance and Financial Services (DIFS).

Currently under the Code, an insurer must prepare and deposit a statement concerning its affairs in a form and manner as prescribed by the director of DIFS; the statement is due each March 1.

The bill would require the annual statement to include a disclosure of any security breach that requires notice to a Michigan resident under Section 12 of the Identity Theft Prevention Act (MCL 445.72). That section requires entities to notify affected Michigan residents when the security of a database containing personal information maintained by that entity is breached and creates a protocol for the notification.

Under the bill, *security breach* would mean that term as defined in section 3 of the Identity Theft Prevention Act: an unauthorized access and acquisition of data that compromises the security or confidentiality of personal information maintained by a person or agency as part of a database of personal information regarding multiple individuals. The term would not include unauthorized access to data by an employee or other individual if the employee or other individual acted in good faith in accessing the data, the access was related to the activities of the person or agency, and the employee or other individual did not misuse any personal information or disclose any personal information to an unauthorized person.

MCL 500.438

FISCAL IMPACT:

House Bill 5275 would not have a fiscal impact on the Department of Insurance and Financial Services or on other units of state or local government.

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