

March 23, 2005

S 783. REPORT/HACKER/FRAUDULENT ACCESS TO ID DATA. REQUIRING THAT DATA AGGREGATORS AND OTHER BUSINESSES IMMEDIATELY NOTIFY INDIVIDUALS OF UNAUTHORIZED OR FRAUDULENT ACCESS TO PERSONAL INFORMATION FOLLOWING INFORMATION SECURITY BREACHES. Enacts new Article 41 of GS Chapter 66 as title indicates. Provides that business may delay notification of security breaches if notification would interfere with criminal investigation and delay is consistent with efforts to determine the scope of the breach and to restore the data system's integrity. Specifies methods of providing notice to individuals and requires that business also notify the Office of the Attorney General, Consumer Protection Div'n, of the breach. Act also requires that business maintain reasonable security measures necessary to protect unauthorized disclosure of personal information and require that third parties that obtain information through contracts with business also implement these measures. In addition to recovery of actual damages by an individual who was not notified of breach in violation of article, establishes civil penalty of \$100,000 for first offense, \$150,000 for second offense, and \$300,000 for third and subsequent offenses. Exempts businesses covered by federal medical privacy and security rules and those regulated by any State or federal law providing greater protection of personal information. Effective January 1, 2006.

Intro. by Forrester.

Ref. to Commerce

GS 66