

# SENATE BILL 30

C3, C4

9lr0069

(PRE-FILED)

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By: **Chair, Finance Committee (By Request – Departmental – Maryland Insurance Administration)**

Requested: October 15, 2018

Introduced and read first time: January 9, 2019

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Breach of Security of a Computer System – Notification**  
3 **Requirement**

4 FOR the purpose of requiring certain carriers to notify the Maryland Insurance  
5 Commissioner in a certain manner that a certain breach of the security of a system  
6 has occurred; requiring a carrier to provide the notice as promptly as possible but  
7 not later than a certain number of hours after a certain determination; providing  
8 that compliance with certain provisions of this Act does not relieve a carrier from a  
9 duty to comply with certain other requirements of federal law or certain provisions  
10 of State law; defining certain terms; making a conforming change; and generally  
11 relating to notification requirements for carriers for breaches of security of computer  
12 systems.

13 BY adding to

14 Article – Health – General  
15 Section 19–706(m)  
16 Annotated Code of Maryland  
17 (2015 Replacement Volume and 2018 Supplement)

18 BY adding to

19 Article – Insurance  
20 Section 4–406  
21 Annotated Code of Maryland  
22 (2017 Replacement Volume and 2018 Supplement)

23 BY repealing and reenacting, with amendments,

24 Article – Insurance  
25 Section 14–102(g)  
26 Annotated Code of Maryland

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2017 Replacement Volume and 2018 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
That the Laws of Maryland read as follows:

**Article – Health – General**

19–706.

**(M) THE PROVISIONS OF § 4–406 OF THE INSURANCE ARTICLE APPLY TO  
HEALTH MAINTENANCE ORGANIZATIONS.**

**Article – Insurance**

**4–406.**

**(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
INDICATED.**

**(2) (I) “BREACH OF THE SECURITY OF A SYSTEM” MEANS THE  
UNAUTHORIZED ACQUISITION OF COMPUTERIZED DATA THAT COMPROMISES THE  
SECURITY, CONFIDENTIALITY, OR INTEGRITY OF THE PERSONAL INFORMATION  
MAINTAINED BY A CARRIER.**

**(II) “BREACH OF THE SECURITY OF A SYSTEM” DOES NOT  
INCLUDE THE GOOD FAITH ACQUISITION OF PERSONAL INFORMATION BY AN  
EMPLOYEE OR AGENT OF A CARRIER FOR THE PURPOSES OF THE BUSINESS,  
PROVIDED THAT THE PERSONAL INFORMATION IS NOT USED OR SUBJECT TO  
FURTHER UNAUTHORIZED DISCLOSURE.**

**(3) “CARRIER” MEANS:**

**(I) AN INSURER;**

**(II) A NONPROFIT HEALTH SERVICE PLAN;**

**(III) A HEALTH MAINTENANCE ORGANIZATION;**

**(IV) A DENTAL ORGANIZATION;**

**(V) A MANAGED CARE ORGANIZATION;**

**(VI) A MANAGED GENERAL AGENT; AND**

**(VII) A THIRD PARTY ADMINISTRATOR.**

1           **(B) (1) A CARRIER SHALL NOTIFY THE COMMISSIONER ON A FORM AND**  
2 **IN A MANNER APPROVED BY THE COMMISSIONER THAT A BREACH OF THE SECURITY**  
3 **OF A SYSTEM HAS OCCURRED.**

4           **(2) THE CARRIER SHALL PROVIDE THE NOTICE REQUIRED UNDER**  
5 **PARAGRAPH (1) OF THIS SUBSECTION AS PROMPTLY AS POSSIBLE BUT IN NO EVENT**  
6 **LATER THAN 72 HOURS AFTER A DETERMINATION BY THE CARRIER THAT A BREACH**  
7 **OF THE SECURITY OF A SYSTEM HAS OCCURRED.**

8           **(C) COMPLIANCE WITH THIS SECTION DOES NOT RELIEVE A CARRIER FROM**  
9 **A DUTY TO COMPLY WITH ANY OTHER REQUIREMENTS OF FEDERAL LAW OR TITLE**  
10 **14 OF THE COMMERCIAL LAW ARTICLE RELATING TO THE PROTECTION AND**  
11 **PRIVACY OF PERSONAL INFORMATION.**

12 14–102.

13           (g) A corporation without capital stock organized for the purpose of establishing,  
14 maintaining, and operating a nonprofit health service plan through which health care  
15 providers provide health care services to subscribers to the plan under contracts that entitle  
16 each subscriber to certain health care services shall be governed and regulated by:

17           (1) this subtitle;

18           (2) Title 2, Subtitle 2 of this article and §§ 1–206, 3–127, and 12–210 of this  
19 article;

20           (3) Title 2, Subtitle 5 of this article;

21           (4) §§ 4–113 [and], 4–114, AND 4–406 of this article;

22           (5) Title 5, Subtitles 1, 2, 3, 4, and 5 of this article;

23           (6) Title 7 of this article, except for § 7–706 and Subtitle 2 of Title 7;

24           (7) Title 9, Subtitles 1, 2, and 4 of this article;

25           (8) Title 10, Subtitle 1 of this article;

26           (9) Title 27 of this article; and

27           (10) any other provision of this article that:

28                   (i) is expressly referred to in this subtitle;

29                   (ii) expressly refers to this subtitle; or

1 (iii) expressly refers to nonprofit health service plans or persons  
2 subject to this subtitle.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
4 October 1, 2019.