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March 31, 2022

TO: The Honorable Shane E. Pendergrass, Chair
Health and Government Operations Committee
The Honorable C.T. Wilson, Chair
Economic Matters Committee

FROM: Hanna Abrams, Assistant Attorney General

RE: Senate Bill 207 – Insurance Carriers – Cybersecurity Standards –
INFORMATIONAL LETTER

The Consumer Protection Division of the Office of the Attorney General submits the following letter of information with regard to Senate Bill 207 as amended. Senate Bill 207 establishes cybersecurity standards for insurance carriers and managed care organizations.

Senate Bill 207 complements the regulatory framework established by the Maryland Personal Information Protection Act (“MPIPA”) by creating industry-specific cybersecurity requirements and standards. MPIPA’s requirements allow for compliance if a business acts in accordance with the rules set by its primary regulator.¹ Senate Bill 207 is the Maryland Insurance Administration’s and the National Association of Insurance Commissioners’ effort to provide data security rules for insurance carriers and managed care organizations. As amended, the bill would require notice to victims after a breach unless the business reasonably determines that no harm will occur as result of a breach. Further, the notice requirements cross reference MPIPA,² thereby ensuring that the Insurance Commissioner, the Office of the Attorney General, and consumers are all notified in the event of a breach and victims can take appropriate steps to protect their personal information.

By preserving the consumer notification requirements, investigatory powers, and enforcement mechanisms established by MPIPA, SB 207 provides consumers with necessary data security protections while giving insurance carriers and managed care organizations clear compliance standards.

Cc: Senator Katie Fry Hester
Kathleen Birrane, Insurance Commissioner
Members, Health and Government Operations Committee
Members, Economic Matters Committee

¹ § 14-3507(b).

² § 33-105(e); *see also* § 33-102(c).