

State Corporation Commission
2003 Fiscal Impact Statement

1. Bill Number SB878

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Wampler

3. Committee Commerce and Labor

4. Title Insurance information security programs.

5. Summary/Purpose: This proposal (i) amends § 38.2 -602 by adding one new definition to the code and (ii) adds § 38.2 -613.2 which requires insurers to implement an information security program to safeguard the privacy of consumer information.

6. No Fiscal Impact on state agencies

7. Budget amendment necessary: No

8. Fiscal implications: None

9. Specific agency or political subdivisions affected: State Corporation Commission
Bureau of Insurance

10. Technical amendment necessary: No

11. Other comments: Senator Wampler introduced Senate Bill 878 at the request of the State Corporation Commission Bureau of Insurance. These provisions are required pursuant to Section 501 of the federal Gramm -Leach-Bliley Act Financial Services Modernization Act (GLBA). According to this provision, each state insurance department is required to establish appropriate standards to ensure the security and confidentiality of customer records and information; to protect against any anticipated threats or hazards to the security or integrity of such records; and to protect against unauthorized access to such records which could result in substantial harm or inconvenience to any customer.

Interested parties had expressed concerns with subsections C through F of proposed § 38.2-613.2. The Bureau of Insurance agreed to ask Senator Wampler to consider an amendment in the nature of a substitute to Senate Bill 878 that would remove subsections C through F of proposed § 38.2 -613.2 to address industry concerns. The Bureau further agreed to issue an administrative letter after the enactment of this legislation as guidance to the industry in implementing information security programs.

Date: 01/12/03/V. Tompkins

cc: Secretary of Commerce and Trade