

P.L.2014, CHAPTER 88, *approved January 9, 2015*  
Senate, No. 562 (*First Reprint*)

1 **AN ACT** concerning the security of certain personal information and  
2 supplementing P.L.1960, c.39 (C.56:8-1 et seq.).

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4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

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7 1. As used in this act:

8 “Computer” means an electronic, magnetic, optical,  
9 electrochemical or other high speed data processing device or  
10 another similar device capable of executing a computer program,  
11 including arithmetic, logic, memory, data storage or input-output  
12 operations and includes any computer equipment connected to such  
13 a device, computer system, or computer network.

14 “Computer equipment” means any equipment or device,  
15 including all input, output, processing, storage, software, or  
16 communications facilities, intended to interface with a computer.

17 “Computer network” means the interconnection of  
18 communication lines, including microwave or other means of  
19 electronic communication, with a computer through remote  
20 terminals, or a complex consisting of two or more interconnected  
21 computers.

22 “Computer program” means a series of instructions or statements  
23 executable on a computer, which directs the computer system in a  
24 manner to produce a desired result.

25 “Computer software” means a set of computer programs, data,  
26 procedures, and associated documentation concerning the operation  
27 of a computer system.

28 “Computer system” means a set of interconnected computer  
29 equipment intended to operate as a cohesive system.

30 “Computerized record” means any record, recorded or preserved  
31 on any computer, computer equipment, computer network,  
32 computer program, computer software, or computer system.

33 <sup>1</sup>“End user computer system” means any computer system that is  
34 designed to allow end users to access computerized information,  
35 computer software, computer programs, or computer networks. End  
36 user computer system includes, but is not limited to, desktop

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Senate SCM committee amendments adopted March 17, 2014.

1 computers, laptop computers, tablets or other mobile devices, or  
2 removable media.

3 "Health benefits plan" means a benefits plan which pays or  
4 provides hospital and medical expense benefits for covered  
5 services, and is delivered or issued for delivery in this State by or  
6 through a carrier. Health benefits plan includes, but is not limited  
7 to, Medicare supplement coverage and risk contracts to the extent  
8 not otherwise prohibited by federal law. For the purposes of this  
9 act, health benefits plan shall not include the following plans,  
10 policies, or contracts: accident only, credit, disability, long-term  
11 care, TRICARE supplement coverage, coverage arising out of a  
12 workers' compensation or similar law, automobile medical payment  
13 insurance, personal injury protection insurance issued pursuant to  
14 P.L.1972, c.70 (C.39:6A-1 et seq.), or hospital confinement  
15 indemnity coverage.

16 "Health insurance carrier" means an insurance company, health  
17 service corporation, hospital service corporation, medical service  
18 corporation, or health maintenance organization authorized to issue  
19 health benefits plans in this State.

20 "Identifiable health information" means individually identifiable  
21 health information as defined in 45 C.F.R. s.160.103.<sup>1</sup>

22 "Personal information" means an individual's first name or first  
23 initial and last name linked with any one or more of the following  
24 data elements: (1) Social Security number; (2) driver's license  
25 number or State identification card number; (3) address; or (4)  
26 identifiable health information. Dissociated data that, if linked,  
27 would constitute personal information is personal information if the  
28 means to link the dissociated data were accessed in connection with  
29 access to the dissociated data.

30 <sup>1</sup>"Public network" means a network to which anyone, including  
31 the general public, has access and through which a person can  
32 connect to other networks or the Internet.<sup>1</sup>

33 "Record" means any material, regardless of the physical form, on  
34 which information is recorded or preserved by any means, including  
35 written or spoken words, graphically depicted, printed, or  
36 electromagnetically transmitted. Record does not include publicly  
37 available directories containing information an individual has  
38 voluntarily consented to have publicly disseminated or listed.

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40 2. <sup>1</sup>a.<sup>1</sup> A health <sup>1</sup>**【**service corporation established pursuant to  
41 P.L.1985, c.236 (C.17:48E-1 et seq.)**】** insurance carrier<sup>1</sup> shall not  
42 compile or maintain computerized records that include personal  
43 information, unless that information is secured by encryption or by  
44 any other method or technology rendering the information  
45 unreadable, undecipherable, or otherwise unusable by an  
46 unauthorized person. Compliance with this section shall require  
47 more than the use of a password protection computer program, if

1 that program only prevents general unauthorized access to the  
2 personal information, but does not render the information itself  
3 unreadable, undecipherable, or otherwise unusable by an  
4 unauthorized person operating, altering, deleting, or bypassing the  
5 password protection computer program.

6 <sup>1</sup>b. This section shall only apply to end user computer systems  
7 and computerized records transmitted across public networks.<sup>1</sup>

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9 3. It shall be an unlawful practice and a violation of P.L.1960,  
10 c.39 (C.56:8-1 et seq.) to violate the provisions of this act.

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12 4. This act shall take effect on the first day of the seventh  
13 month next following enactment.

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Requires health insurance carriers to encrypt certain information.