

SENATE, No. 2188

STATE OF NEW JERSEY
216th LEGISLATURE

INTRODUCED JUNE 16, 2014

Sponsored by:
Senator DIANE B. ALLEN
District 7 (Burlington)

SYNOPSIS

Requires disclosure of breach of security of online account.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning disclosure of breaches of security and
2 amending P.L.2005, c.226.

3

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

6

7 1. Section 10 of P.L.2005, c.226 (C.56:8-161) is amended to
8 read as follows:

9 10. As used in sections 10 through 15 of this amendatory and
10 supplementary act:

11 "Breach of security" means unauthorized access to electronic
12 files, media or data containing personal information that
13 compromises the security, confidentiality or integrity of personal
14 information when access to the personal information has not been
15 secured by encryption or by any other method or technology that
16 renders the personal information unreadable or unusable. Good
17 faith acquisition of personal information by an employee or agent of
18 the business for a legitimate business purpose is not a breach of
19 security, provided that the personal information is not used for a
20 purpose unrelated to the business or subject to further unauthorized
21 disclosure.

22 "Business" means a sole proprietorship, partnership, corporation,
23 association, or other entity, however organized and whether or not
24 organized to operate at a profit, including a financial institution
25 organized, chartered, or holding a license or authorization
26 certificate under the law of this State, any other state, the United
27 States, or of any other country, or the parent or the subsidiary of a
28 financial institution.

29 "Communicate" means to send a written or other tangible record
30 or to transmit a record by any means agreed upon by the persons
31 sending and receiving the record.

32 "Customer" means an individual who provides personal
33 information to a business.

34 "Individual" means a natural person.

35 "Internet" means the international computer network of both
36 federal and non-federal interoperable packet switched data
37 networks.

38 "Personal information" means an individual's first name or first
39 initial and last name linked with any one or more of the following
40 data elements: (1) Social Security number; (2) driver's license
41 number or State identification card number; **[or]** (3) account
42 number or credit or debit card number, in combination with any
43 required security code, access code, or password that would permit
44 access to an individual's financial account; or (4) user name or
45 email address, in combination with any password or security

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.

1 question and answer that would permit access to an online account.
2 Dissociated data that, if linked, would constitute personal
3 information is personal information if the means to link the
4 dissociated data were accessed in connection with access to the
5 dissociated data.

6 For the purposes of sections 10 through 15 of this amendatory
7 and supplementary act, personal information shall not include
8 publicly available information that is lawfully made available to the
9 general public from federal, state or local government records, or
10 widely distributed media.

11 "Private entity" means any individual, corporation, company,
12 partnership, firm, association, or other entity, other than a public
13 entity.

14 "Public entity" includes the State, and any county, municipality,
15 district, public authority, public agency, and any other political
16 subdivision or public body in the State. For the purposes of
17 sections 10 through 15 of this amendatory and supplementary act,
18 public entity does not include the federal government.

19 "Publicly post" or "publicly display" means to intentionally
20 communicate or otherwise make available to the general public.

21 "Records" means any material, regardless of the physical form,
22 on which information is recorded or preserved by any means,
23 including written or spoken words, graphically depicted, printed, or
24 electromagnetically transmitted. Records does not include publicly
25 available directories containing information an individual has
26 voluntarily consented to have publicly disseminated or listed.

27 (cf: P.L.2005, c.226, s.10)

28

29 2. This act shall take effect on the 90th day next following
30 enactment.

31

32

33

STATEMENT

34

35 This bill requires businesses and public entities that compile or
36 maintain computerized records that include information that would
37 permit access to an online account to disclose to consumers if there
38 has been a breach of security of that information. Under current
39 law, businesses and public entities are required to disclose breaches
40 involving personal information such as Social Security numbers,
41 driver's license numbers, or credit or debit card numbers, in
42 combination with any required security code, access code, or
43 password that would permit access to an individual's financial
44 account. This bill adds user names and email addresses, in
45 combination with any password or security question and answer
46 that would permit access to an online account to this list of breaches
47 requiring disclosure.

S2188 ALLEN

4

1 Protecting the security of online accounts is important for
2 consumers, as a breach of security of these accounts can lead to the
3 compromise of personal information and subject consumers to
4 identity theft. The bill confronts this problem by requiring
5 businesses and public entities that compile or maintain
6 computerized records including online account access information
7 to disclose to consumers when a breach has occurred. This will
8 allow consumers to change their online account information quickly
9 following a breach, and put consumers on notice to monitor for
10 potential identity theft.