

SENATE, No. 52

STATE OF NEW JERSEY 218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

Sponsored by:

Senator TROY SINGLETON

District 7 (Burlington)

SYNOPSIS

Requires disclosure of breach of security of online account.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



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

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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. 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,email

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 address, or any other account holder identifying information, in
2 combination with any password or security question and answer
3 that would permit access to an online account. Dissociated data
4 that, if linked, would constitute personal information is personal
5 information if the means to link the dissociated data were accessed
6 in connection with access to the dissociated data.

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

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

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

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

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

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

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30 2. This act shall take effect on the first day of the fourth month
31 next following enactment.

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STATEMENT

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36 This bill requires entities that compile or maintain computerized
37 records that include information permitting access to an online account
38 to disclose to consumers any breach of security of the information.

39 Under current law, businesses and public entities are required to
40 disclose breaches involving personal information such as Social
41 Security numbers, driver's license numbers, or credit or debit card
42 numbers, in combination with any required security code, access code,
43 or password that would permit access to an individual's financial
44 account.

45 The bill adds user names, email addresses, or any other account
46 holder identifying information, in combination with any password or
47 security question and answer that would permit access to an online
48 account, to the list of breaches requiring disclosure. Notification of a

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- 1 breach provides a consumer with the opportunity to quickly change
- 2 online account information to prevent outside access to the account,
- 3 and puts a consumer on notice to monitor for potential identity theft.