

HCS HB 436 -- INSURANCE COMPANIES' DATA SECURITY

SPONSOR: Hardwick

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Insurance by a vote of 12 to 0. Voted "Do Pass" by the Standing Committee on Rules-Legislative by a vote of 10 to 0.

The following is a summary of the House Committee Substitute for HB 436.

This bill establishes the "Insurance Data Security Act".

The bill requires licensees to implement an information security program, as defined in the bill. Each licensee must have a comprehensive information security program that is in keeping with the size and complexity of the licensee and the scope of its activities. This bill specifies data protection objectives for the programs, as well as standards for risk assessment by licensees, and measures to be implemented in the information security programs.

The bill specifies the requirements for licensees' boards of directors or executive management regarding the information security programs, and requires certain oversight of "third-party service providers", as defined in the bill. Licensees must monitor their information security programs, and adjust them as appropriate consistent with relevant changes in technology and the licensees' activities. This bill requires incident response plans as part of information security programs, as specified in the bill. Insurers domiciled in this state must annually submit, by April 15, a written statement that the insurer is in compliance with the information security program requirements of the bill, and must maintain certain documentation for inspection by the Director of the Department of Commerce and Insurance for a period of three years.

The bill also specifies procedures and standards for investigation of cybersecurity events, as well as requirements to notify regulators, consumers, other insurers, and insurance producers as specified in the bill if certain cybersecurity events occur. The Director will have authority to enforce the bill in the manner provided by law for enforcement of the insurance laws of this state.

As specified in the bill, documents and other information furnished to the Department of Commerce and Insurance will be confidential and privileged from disclosure to other parties and persons receiving documents or information under the Director's authority

in the bill will not testify in any private civil action. In order to assist in the performance of the Director's duties in the bill, the Director may receive documents and information which would otherwise be confidential and privileged, and may enter into agreements with other authorized parties. Neither the Director nor any person or entity who receives documents, materials, or other information will be permitted to:

(1) Share or otherwise release the documents, materials, or other information to a third party;

(2) Share or otherwise release the documents, materials, or other information for commercial use; or

(3) Sell cyber event or nonpublic information of any person or entity."; and

This bill specifies certain exceptions.

The bill contains a delayed effective date of January 1, 2026, and grants licensees additional time for the implementation of certain provisions.

This bill is similar to HB 2316 (2024).

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPOSERS: Supporters say that this is a good way to make sure insurance companies are doing what they can to keep our private information safe while keeping each company's method for cybersecurity private.

Testifying in person for the bill were Representative Hardwick; Tyler Hobbs, Missouri Department of Commerce and Insurance; Arnie C.Dienoff; Hampton Williams, Missouri Insurance Coalition.

OPPOSERS: There was no opposition voiced to the committee.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.