

Latest NAIC Cybersecurity News

September 28, 2015

The National Association of Insurance Commissioners has announced three initiatives in furtherance of its goal to address cybersecurity issues faced by insurance companies, their state regulators, and consumers, which it expects to adopt by the end of this summer. One such initiative saw the NAIC Cybersecurity Task Force release a draft of its Cybersecurity Bill of Rights for public comment. The Cybersecurity Bill of Rights "is intended to set standards for helping consumers if their personal information is compromised." The Cybersecurity Bill of Rights sets forth 12 general protections typically granted to consumers prior to, in prevention of, and after a regulated entity suffers a data breach. Among other things, these protections include: the right to know what type of personally identifiable information is maintained by a regulated entity; the right to expect personally identifiable information will be adequately protected from unauthorized access; and the right to receive timely notice in the event a regulated entity suffers a data breach. The Cybersecurity Bill of Rights also invokes the Fair Credit Reporting Act by specifying any consumer affected by a data breach must receive a summary of the rights provided under the FCRA to victims of identity theft. Besides informing consumers of their rights, the Cybersecurity Bill of Rights can help insurers and other regulated entities to minimize the impact posed by cybersecurity risks. Specifically, the Cybersecurity Bill of Rights should serve as a starting point for insurers to evaluate their cybersecurity incident response plan. However, thorough data breach preparation requires an understanding of, and compliance with, a myriad of state and federal laws. In some cases, these laws may conflict with the standards set forth in the consumer Cybersecurity Bill of Rights, but the proposed draft does not address the resolution of such conflicts. In addition to the Cybersecurity Bill of Rights, the NAIC Cybersecurity Task Force has announced two other initiatives. First, the Task Force is coordinating with state insurance regulators to conduct examinations of regulated entities to ensure that the necessary steps are being taken to safeguard confidential information. Also, on September 10, the Task Force is co-sponsoring a forum with the Center for Strategic and International Studies entitled "Managing Cyber Risk and the Role of Insurance" to discuss best practices in managing the cybersecurity risks faced by both businesses and consumers. The NAIC's release of the draft Cybersecurity Bill of Rights is yet another reminder of the serious cybersecurity risks faced by insurers today.

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