SENATE BILL 5064

State of Washington 66th Legislature 2019 Regular Session

By Senators Nguyen, Darneille, Hasegawa, Wellman, Keiser, Zeiger, Kuderer, and Saldaña; by request of Attorney General

Prefiled 12/31/18. Read first time 01/14/19. Referred to Committee on Environment, Energy & Technology.

AN ACT Relating to breach of security systems protecting personal 1 2 19.255.010 and 42.56.590; adding new information; amending RCW 3 sections to chapter 19.255 RCW; and adding new sections to chapter 42.56 RCW. 4

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON: 5

6 NEW SECTION. Sec. 1. A new section is added to chapter 19.255 7 RCW to read as follows:

The definitions in this section apply throughout this chapter 8 9 unless the context clearly requires otherwise.

10 (1) "Breach of the security of the system" means unauthorized 11 acquisition of data that compromises the security, confidentiality, 12 or integrity of personal information maintained by the person or 13 business. Good faith acquisition of personal information by an 14 employee or agent of the person or business for the purposes of the person or business is not a breach of the security of the system when 15 16 the personal information is not used or subject to further 17 unauthorized disclosure.

18

(2) (a) "Personal information" means:

19 (i) An individual's first name or first initial and last name in 20 combination with any one or more of the following data elements:

21 (A) Social security number;

- 1 (B) Driver's license number or Washington identification card
 2 number;
- 3 (C) Account number or credit or debit card number, in combination 4 with any required security code, access code, or password that would 5 permit access to an individual's financial account, or any other 6 numbers or information that can be used to access a person's 7 financial resources;
- 8 (D) Full date of birth;
- 9 (E) Digital signature;
- 10 (F) Student, military, or passport identification number;

11 (G) Health insurance policy number or health insurance 12 identification number;

(H) Any information about a consumer's medical history or mental or physical condition or about a health care professional's medical diagnosis or treatment of the consumer; or

(I) Biometric data generated by automatic measurements of an individual's biological characteristics, such as a fingerprint, voiceprint, eye retinas, irises, or other unique biological patterns or characteristics that is used to identify a specific individual;

(ii) Username or email address, in combination with a password or security questions and answers, that would permit access to an online account; and

(iii) Any of the data elements or any combination of the data elements described in (a)(i) of this subsection without the consumer's first name or first initial and last name if:

26 (A) Encryption, redaction, or other methods have not rendered the27 data element or combination of data elements unusable; and

(B) The data element or combination of data elements would enablea person to commit identity theft against a consumer.

30 (b) Personal information does not include publicly available 31 information that is lawfully made available to the general public 32 from federal, state, or local government records.

33 (3) "Secured" means encrypted in a manner that meets or exceeds 34 the national institute of standards and technology standard or is 35 otherwise modified so that the personal information is rendered 36 unreadable, unusable, or undecipherable by an unauthorized person.

37 Sec. 2. RCW 19.255.010 and 2015 c 64 s 2 are each amended to 38 read as follows:

1 (1) Any person or business that conducts business in this state and that owns ((or)), licenses, or otherwise possesses data that 2 3 includes personal information shall disclose any breach of the security of the system ((following discovery or notification of the 4 breach in the security of the data)) to any ((resident of this 5 6 state)) person whose personal information was, or is reasonably believed to have been, acquired by an unauthorized person and the 7 personal information was not secured. Notice is not required if the 8 breach of the security of the system is not reasonably likely to 9 subject consumers to a risk of harm. The breach of secured personal 10 information must be disclosed if the information acquired and 11 12 accessed is not secured during a security breach or if the confidential process, encryption key, or other means to decipher the 13 secured information was acquired by an unauthorized person. 14

15 (2) Any person or business that maintains <u>or possesses</u> data that 16 includes personal information that the person or business does not 17 own shall notify the owner or licensee of the information of any 18 breach of the security of the data immediately following discovery, 19 if the personal information was, or is reasonably believed to have 20 been, acquired by an unauthorized person.

(3) The notification required by this section may be delayed if the data owner or licensee contacts a law enforcement agency after discovery of a breach of the security of the system and a law enforcement agency determines that the notification will impede a criminal investigation. The notification required by this section shall be made after the law enforcement agency determines that it will not compromise the investigation.

28 (4) ((For purposes of this section, "breach of the security of the system" means unauthorized acquisition of data that compromises 29 the security, confidentiality, or integrity of personal information 30 31 maintained by the person or business. Good faith acquisition of 32 personal information by an employee or agent of the person or business for the purposes of the person or business is not a breach 33 of the security of the system when the personal information is not 34 used or subject to further unauthorized disclosure. 35

36 (5) For purposes of this section, "personal information" means an 37 individual's first name or first initial and last name in combination 38 with any one or more of the following data elements:

39 (a) Social security number;

1 (b) Driver's license number or Washington identification card 2 number; or

3 (c) Account number or credit or debit card number, in combination
4 with any required security code, access code, or password that would
5 permit access to an individual's financial account.

6 (6) For purposes of this section, "personal information" does not 7 include publicly available information that is lawfully made 8 available to the general public from federal, state, or local 9 government records.

10 (7) For purposes of this section, "secured" means encrypted in a 11 manner that meets or exceeds the national institute of standards and 12 technology (NIST) standard or is otherwise modified so that the 13 personal information is rendered unreadable, unusable, or 14 undecipherable by an unauthorized person.

15 (8) For purposes of this section and except under subsections (9) 16 and (10) of this section,) "Notice" may be provided by one of the 17 following methods:

18

(a) Written notice;

(b) Electronic notice, if the notice provided is consistent with the provisions regarding electronic records and signatures set forth in 15 U.S.C. Sec. 7001; or

(c) Substitute notice, if the person or business demonstrates that the cost of providing notice would exceed two hundred fifty thousand dollars, or that the affected class of subject persons to be notified exceeds five hundred thousand, or the person or business does not have sufficient contact information. Substitute notice shall consist of all of the following:

(i) Email notice when the person or business has an email addressfor the subject persons;

(ii) Conspicuous posting of the notice on the web site page of
 the person or business, if the person or business maintains one; and

32

(iii) Notification to major statewide media.

(((9))) (5) A person or business that maintains its own notification procedures as part of an information security policy for the treatment of personal information and is otherwise consistent with the timing requirements of this section is in compliance with the notification requirements of this section if the person or business notifies subject persons in accordance with its policies in the event of a breach of security of the system.

p. 4

1 (((10) A covered entity under the federal health insurance portability and accountability act of 1996, 42 U.S.C. Sec. 1320d et 2 seq., is deemed to have complied with the requirements of this 3 4 section with respect to protected health information if it has complied with section 13402 of the federal health information 5 6 technology for economic and clinical health act, Public Law 111-5 as 7 it existed on July 24, 2015. Covered entities shall notify the attorney general pursuant to subsection (15) of this section in 8 compliance with the timeliness of notification requirements of 9 10 section 13402 of the federal health information technology for economic and clinical health act, Public Law 111-5 as it existed on 11 July 24, 2015, notwithstanding the notification requirement in 12 13 subsection (16) of this section.

14 (11) A financial institution under the authority of the office of the comptroller of the currency, the federal deposit insurance 15 corporation, the national credit union administration, or the federal 16 17 reserve system is deemed to have complied with the requirements of this section with respect to "sensitive customer information" as 18 defined in the interagency guidelines establishing information 19 security standards, 12 C.F.R. Part 30, Appendix B, 12 C.F.R. Part 20 21 208, Appendix D-2, 12 C.F.R. Part 225, Appendix F, and 12 C.F.R. Part 22 364, Appendix B, and 12 C.F.R. Part 748, Appendices A and B, as they existed on July 24, 2015, if the financial institution provides 23 24 notice to affected consumers pursuant to the interagency guidelines 25 and the notice complies with the customer notice provisions of the interagency guidelines establishing information security 26 27 standards and the interagency guidance on response programs for 28 unauthorized access to customer information and customer notice under 29 12 C.F.R. Part 364 as it existed on July 24, 2015. The entity shall 30 notify the attorney general pursuant to subsection (15) of this section in addition to providing notice to its primary federal 31 32 regulator.

33 (12) Any waiver of the provisions of this section is contrary to 34 public policy, and is void and unenforceable.

35 (13) (a) Any consumer injured by a violation of this section may 36 institute a civil action to recover damages.

37 (b) Any person or business that violates, proposes to violate, or
 38 has violated this section may be enjoined.

1 (c) The rights and remedies available under this section are cumulative to each other and to any other rights and remedies 2 3 available under law. (14))) (6) Any person or business that is required to issue 4 5 notification pursuant to this section shall meet all of the following 6 requirements: 7 (a) The notification must be written in plain language; and 8 (b) The notification must include, at a minimum, the following information: 9 (i) The name and contact information of the reporting person or 10 11 business subject to this section; 12 (ii) A list of the types of personal information that were or are reasonably believed to have been the subject of a breach; ((and)) 13 14 A timeline of when the breach began, when it was (iii) 15 discovered, the containment date, and all windows of intrusion; and 16 (iv) The toll-free telephone numbers and addresses of the major 17 credit reporting agencies if the breach exposed personal information. 18 ((((15))) (7) Any person or business that is required to issue a 19 notification pursuant to this section ((to more than five hundred Washington residents as a result of a single breach shall, by the 20 21 time notice is provided to affected consumers, electronically submit a single sample copy of that security breach notification, excluding 22 23 any personally identifiable information, to the attorney general)) 24 shall notify the attorney general of the breach no more than fourteen 25 days after the breach was discovered. 26 (a) The ((person or business)) notice to the attorney general shall ((also provide to the attorney general)) include the following 27 28 information: (i) The number of Washington consumers affected by the breach, or 29 30 an estimate if the exact number is not known; 31 (ii) A list of the types of personal information that were or are 32 reasonably believed to have been the subject of a breach; (iii) A timeline of when the breach began, when it was 33

33 (111) A timeline of when the breach began, when it was 34 discovered, the containment date, and all windows of intrusion;

35 (iv) A summary of containment efforts; and

36 <u>(v) A single sample copy of the security breach notification,</u> 37 <u>excluding any personally identifiable information.</u>

38 (b) The notice to the attorney general shall be updated if any of 39 the information identified in (a) of this subsection is unknown at 40 the time notice is due. 1 ((((16))) (8) Notification to affected consumers ((and to the attorney general)) under this section must be made in the most 2 expedient time possible and without unreasonable delay, no more than 3 ((forty-five)) thirty calendar days after the breach was discovered, 4 unless at the request of law enforcement as provided in subsection 5 6 (3) of this section, or due to any measures necessary to determine the scope of the breach and restore the reasonable integrity of the 7 8 data system.

9 (((17) The attorney general may bring an action in the name of the state, or as parens patriae on behalf of persons residing in the 10 11 state, to enforce this section. For actions brought by the attorney general to enforce this section, the legislature finds that the 12 practices covered by this section are matters vitally affecting the 13 public interest for the purpose of applying the consumer protection 14 15 act, chapter 19.86 RCW. For actions brought by the attorney general 16 to enforce this section, a violation of this section is not 17 reasonable in relation to the development and preservation of business and is an unfair or deceptive act in trade or commerce and 18 19 an unfair method of competition for purposes of applying the consumer protection act, chapter 19.86 RCW. An action to enforce this section 20 21 may not be brought under RCW 19.86.090.))

22 <u>NEW SECTION.</u> Sec. 3. A new section is added to chapter 19.255 23 RCW to read as follows:

24 (1) A covered entity under the federal health insurance portability and accountability act of 1996, 42 U.S.C. Sec. 1320d et 25 seq., is deemed to have complied with the requirements of this 26 27 section with respect to protected health information if it has complied with section 13402 of the federal health 28 information technology for economic and clinical health act, P.L. 111-5 as it 29 30 existed on July 24, 2015. Covered entities shall notify the attorney 31 general pursuant to RCW 19.255.010 in compliance with the timeliness of notification requirements of section 13402 of the federal health 32 information technology for economic and clinical health act, P.L. 33 it existed on July 24, 2015, notwithstanding the 34 111-5 as notification requirement in RCW 19.255.010(8). 35

36 (2) A financial institution under the authority of the office of 37 the comptroller of the currency, the federal deposit insurance 38 corporation, the national credit union administration, or the federal 39 reserve system is deemed to have complied with the requirements of

1 this section with respect to "sensitive customer information" as defined in the interagency guidelines establishing information 2 security standards, 12 C.F.R. Part 30, Appendix B, 12 C.F.R. Part 3 208, Appendix D-2, 12 C.F.R. Part 225, Appendix F, and 12 C.F.R. Part 4 364, Appendix B, and 12 C.F.R. Part 748, Appendices A and B, as they 5 6 existed on July 24, 2015, if the financial institution provides 7 notice to affected consumers pursuant to the interagency quidelines and the notice complies with the customer notice provisions of the 8 interagency guidelines establishing information security standards 9 and the interagency guidance on response programs for unauthorized 10 access to customer information and customer notice under 12 C.F.R. 11 Part 364 as it existed on July 24, 2015. The entity shall notify the 12 attorney general pursuant to RCW 19.255.010 in addition to providing 13 14 notice to its primary federal regulator.

15 <u>NEW SECTION.</u> Sec. 4. A new section is added to chapter 19.255
16 RCW to read as follows:

17 (1) Any waiver of the provisions of this chapter is contrary to 18 public policy, and is void and unenforceable.

(2) The attorney general may bring an action in the name of the 19 state, or as parens patriae on behalf of persons residing in the 20 state, to enforce this section. For actions brought by the attorney 21 22 general to enforce this section, the legislature finds that the practices covered by this section are matters vitally affecting the 23 24 public interest for the purpose of applying the consumer protection 25 act, chapter 19.86 RCW. For actions brought by the attorney general to enforce this section, a violation of this section is not 26 27 reasonable in relation to the development and preservation of business and is an unfair or deceptive act in trade or commerce and 28 an unfair method of competition for purposes of applying the consumer 29 30 protection act, chapter 19.86 RCW. An action to enforce this section 31 may not be brought under RCW 19.86.090.

32 (3) (a) Any consumer injured by a violation of this section may33 institute a civil action to recover damages.

34 (b) Any person or business that violates, proposes to violate, or35 has violated this section may be enjoined.

36 (c) The rights and remedies available under this section are 37 cumulative to each other and to any other rights and remedies 38 available under law. 1 Sec. 5. RCW 42.56.590 and 2015 c 64 s 3 are each amended to read 2 as follows:

3 (1) (((a))) Any agency that owns ((or)), licenses, or otherwise possesses data that includes personal information shall disclose any 4 breach of the security of the system ((following discovery or 5 6 notification of the breach in the security of the data)) to any ((resident of this state)) person whose personal information was, or 7 is reasonably believed to have been, acquired by an unauthorized 8 person and the personal information was not secured. Notice is not 9 required if the breach of the security of the system is not 10 reasonably likely to subject consumers to a risk of harm. The breach 11 12 of secured personal information must be disclosed if the information acquired and accessed is not secured during a security breach or if 13 the confidential process, encryption key, or other means to decipher 14 the secured information was acquired by an unauthorized person. 15

16 (((b) For purposes of this section, "agency" means the same as in 17 RCW 42.56.010.))

18 (2) Any agency that maintains <u>or possesses</u> data that includes 19 personal information that the agency does not own shall notify the 20 owner or licensee of the information of any breach of the security of 21 the data immediately following discovery, if the personal information 22 was, or is reasonably believed to have been, acquired by an 23 unauthorized person.

(3) The notification required by this section may be delayed if the data owner or licensee contacts a law enforcement agency after discovery of a breach of the security of the system and a law enforcement agency determines that the notification will impede a criminal investigation. The notification required by this section shall be made after the law enforcement agency determines that it will not compromise the investigation.

31 (4) ((For purposes of this section, "breach of the security of 32 the system" means unauthorized acquisition of data that compromises 33 the security, confidentiality, or integrity of personal information maintained by the agency. Good faith acquisition of personal 34 35 information by an employee or agent of the agency for the purposes of the agency is not a breach of the security of the system when the 36 37 personal information is not used or subject to further unauthorized 38 disclosure.

1 (5) For purposes of this section, "personal information" means an 2 individual's first name or first initial and last name in combination 3 with any one or more of the following data elements:

4 (a) Social security number;

5 (b) Driver's license number or Washington identification card 6 number; or

7 (c) Full account number, credit or debit card number, or any 8 required security code, access code, or password that would permit 9 access to an individual's financial account.

10 (6) For purposes of this section, "personal information" does not 11 include publicly available information that is lawfully made 12 available to the general public from federal, state, or local 13 government records.

14 (7) For purposes of this section, "secured" means encrypted in a 15 manner that meets or exceeds the national institute of standards and 16 technology (NIST) standard or is otherwise modified so that the 17 personal information is rendered unreadable, unusable, or 18 undecipherable by an unauthorized person.

19 (8) For purposes of this section and except under subsections (9) 20 and (10) of this section,)) Notice may be provided by one of the 21 following methods:

22 (a) Written notice;

(b) Electronic notice, if the notice provided is consistent with the provisions regarding electronic records and signatures set forth in 15 U.S.C. Sec. 7001; or

(c) Substitute notice, if the agency demonstrates that the cost of providing notice would exceed two hundred fifty thousand dollars, or that the affected class of subject persons to be notified exceeds five hundred thousand, or the agency does not have sufficient contact information. Substitute notice shall consist of all of the following:

31 (i) Email notice when the agency has an email address for the 32 subject persons;

33 (ii) Conspicuous posting of the notice on the agency's web site 34 page, if the agency maintains one; and

35

(iii) Notification to major statewide media.

36 (((9))) <u>(5)</u> An agency that maintains its own notification 37 procedures as part of an information security policy for the 38 treatment of personal information and is otherwise consistent with 39 the timing requirements of this section is in compliance with the 40 notification requirements of this section if it notifies subject 1 persons in accordance with its policies in the event of a breach of 2 security of the system.

(((10) A covered entity under the federal health insurance 3 portability and accountability act of 1996, 42 U.S.C. Sec. 1320d et 4 seq., is deemed to have complied with the requirements of this 5 6 section with respect to protected health information if it has complied with section 13402 of the federal health information 7 technology for economic and clinical health act, Public Law 111-5 as 8 it existed on July 24, 2015. Covered entities shall notify the 9 10 attorney general pursuant to subsection (14) of this section in compliance with the timeliness of notification requirements of 11 section 13402 of the federal health information technology for 12 economic and clinical health act, Public Law 111-5 as it existed on 13 July 24, 2015, notwithstanding the notification requirement in 14 15 subsection (15) of this section.

16 (11) Any waiver of the provisions of this section is contrary to 17 public policy, and is void and unenforceable.

18 (12) (a) Any individual injured by a violation of this section may 19 institute a civil action to recover damages.

20 (b) Any agency that violates, proposes to violate, or has 21 violated this section may be enjoined.

22 (c) The rights and remedies available under this section are 23 cumulative to each other and to any other rights and remedies 24 available under law.

25 (13)) (6) Any agency that is required to issue notification 26 pursuant to this section shall meet all of the following 27 requirements:

(a) The notification must be written in plain language; and

28

(b) The notification must include, at a minimum, the following information:

31 (i) The name and contact information of the reporting agency 32 subject to this section;

33 (ii) A list of the types of personal information that were or are 34 reasonably believed to have been the subject of a breach;

(iii) <u>A timeline of when the breach began, when it was</u> discovered, the containment date, and all windows of intrusion; and (iv) The toll-free telephone numbers and addresses of the major credit reporting agencies if the breach exposed personal information. (((14))) (7) Any agency that is required to issue a notification

40 pursuant to this section ((to more than five hundred Washington

SB 5064

residents as a result of a single breach shall, by the time notice is provided to affected individuals, electronically submit a single sample copy of that security breach notification, excluding any personally identifiable information, to)) shall notify the attorney general of the breach no more than fourteen days after the breach was discovered.

7 <u>(a)</u> The ((agency shall also provide)) notice to the attorney 8 general shall include the following information:

9 <u>(i) The number of Washington residents affected by the breach</u>, or 10 an estimate if the exact number is not known<u>;</u>

11 (ii) A list of the types of personal information that were or are 12 reasonably believed to have been the subject of a breach;

13 <u>(iii) A timeline of when the breach began, when it was</u> 14 <u>discovered, the containment date, and all windows of intrusion;</u>

15 (iv) A summary of containment efforts; and

16 <u>(v) A single sample copy of the security breach notification,</u>
17 <u>excluding any personally identifiable information.</u>

18 (b) The notice to the attorney general shall be updated if any of 19 the information identified in (a) of this subsection is unknown at 20 the time notice is due.

(((15))) (8) Notification to affected individuals and to the attorney general must be made in the most expedient time possible and without unreasonable delay, no more than ((forty-five)) thirty calendar days after the breach was discovered, unless at the request of law enforcement as provided in subsection (3) of this section, or due to any measures necessary to determine the scope of the breach and restore the reasonable integrity of the data system.

28 (9) For purposes of this section, "breach of the security of the 29 system" means unauthorized acquisition of data that compromises the 30 security, confidentiality, or integrity of personal information maintained by the agency. Good faith acquisition of personal 31 32 information by an employee or agent of the agency for the purposes of the agency is not a breach of the security of the system when the 33 34 personal information is not used or subject to further unauthorized 35 disclosure.

36 <u>(10)(a) For purposes of this section, "personal information"</u> 37 <u>means:</u>

38 (i) An individual's first name or first initial and last name in 39 combination with any one or more of the following data elements:

40 <u>(A) Social security number;</u>

| 1 | (B) Driver's license number or Washington identification card |
|----|---|
| 2 | number; |
| 3 | (C) Account number, credit or debit card number, or any required |
| 4 | security code, access code, or password that would permit access to |
| 5 | an individual's financial account, or any other numbers or |
| 6 | information that can be used to access a person's financial |
| 7 | resources; |
| 8 | (D) Full date of birth; |
| 9 | (E) Digital signature; |
| 10 | (F) Student, military, or passport identification number; |
| 11 | (G) Health insurance policy number or health insurance |
| 12 | identification number; |
| 13 | (H) Any information about a consumer's medical history or mental |
| 14 | or physical condition or about a health care professional's medical |
| 15 | diagnosis or treatment of the consumer; or |
| 16 | (I) Biometric data generated by automatic measurements of an |
| 17 | individual's biological characteristics, such as a fingerprint, |
| 18 | voiceprint, eye retinas, irises, or other unique biological patterns |
| 19 | or characteristics that is used to identify a specific individual; |
| 20 | (ii) User name or email address, in combination with a password |
| 21 | or security questions and answers, that would permit access to an |
| 22 | online account; and |
| 23 | (iii) Any of the data elements or any combination of the data |
| 24 | elements described in (a)(i) of this subsection without the |
| 25 | consumer's first name or first initial and last name if: |
| 26 | (A) Encryption, redaction, or other methods have not rendered the |
| 27 | data element or combination of data elements unusable; and |
| 28 | (B) The data element or combination of data elements would enable |
| 29 | a person to commit identity theft against a consumer. |
| 30 | (b) Personal information does not include publicly available |
| 31 | information that is lawfully made available to the general public |
| 32 | from federal, state, or local government records. |
| 33 | (11) For purposes of this section, "secured" means encrypted in a |
| 34 | manner that meets or exceeds the national institute of standards and |
| 35 | technology standard or is otherwise modified so that the personal |
| 36 | information is rendered unreadable, unusable, or undecipherable by an |
| 37 | unauthorized person. |
| | |

38 <u>NEW SECTION.</u> Sec. 6. A new section is added to chapter 42.56
39 RCW to read as follows:

1 A covered entity under the federal health insurance portability and accountability act of 1996, Title 42 U.S.C. Sec. 1320d et seq., 2 is deemed to have complied with the requirements of RCW 42.56.590 3 with respect to protected health information if it has complied with 4 section 13402 of the federal health information technology for 5 6 economic and clinical health act, P.L. 111-5 as it existed on July 24, 2015. Covered entities shall notify the attorney general pursuant 7 to RCW 42.56.590(7) in compliance with the timeliness of notification 8 requirements of section 13402 of the federal health information 9 technology for economic and clinical health act, P.L. 111-5 as it 10 existed on July 24, 2015, notwithstanding the notification 11 12 requirement in RCW 42.56.590(8).

13 <u>NEW SECTION.</u> Sec. 7. A new section is added to chapter 42.56 14 RCW to read as follows:

15 (1) Any waiver of the provisions of RCW 42.56.590 or section 6 of 16 this act is contrary to public policy, and is void and unenforceable.

17 (2) (a) Any consumer injured by a violation of this section may 18 institute a civil action to recover damages.

19 (b) Any agency that violates, proposes to violate, or has 20 violated this section may be enjoined.

(c) The rights and remedies available under this section are cumulative to each other and to any other rights and remedies available under law.

--- END ---