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Connecticut Insurance Department Imposes New Reporting Obligations Regarding Data Security Breaches

Regulatory scrutiny of the insurance industry regarding the security of health, financial, and other personally identifying information has increased dramatically in recent years. Following that trend, the Connecticut Insurance Department has imposed a new reporting obligation on all types of insurance industry-related entities that handle the personal information of Connecticut residents.

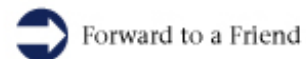
On August 18, 2010, the Department issued Bulletin IC-25, imposing data breach notice obligations on all licensees and registrants doing business in Connecticut.

The new obligations imposed by the Department are broad. The Bulletin requires all such entities to notify the Department of an "information security incident" affecting "any Connecticut residents" as soon as possible, but no later than five calendar days after the incident is identified. The Bulletin defines an "information security incident" to include "any unauthorized acquisition or transfer of, or access to, personal health, financial, or personal information" of a Connecticut insured, member, subscriber, policyholder, or provider, the loss of which could compromise or put at risk the well being of any affected person. These notice provisions apply regardless of whether the information was encrypted, or whether the incident was caused by a vendor or business associate of a regulated entity.

The notice obligation imposed by the Bulletin requires disclosure of extensive information about the security incident being reported. The Bulletin states that the Department will review any draft communications to affected persons regarding the incident, and makes clear that the Department may require the entity to offer credit monitoring or insurance protection to all affected persons. The Bulletin expressly reserves the Department's right to impose administrative penalties as a result of any information security incident, and urges regulated entities to abide by these notice procedures to minimize the potential for sanctions. To view a copy of the Bulletin, [click /A>](#).

Robinson & Cole regularly represents insurance industry clients regarding data security matters. For more information, please contact [Theodore J. Tucci](#), Chair of Robinson & Cole's Managed Care and Health Insurance Practice Group at 860-275-8210 or [Gregory P. Varga](#), Chair of Robinson & Cole's Insurance and Reinsurance Practice Group at 860-275-8230.

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