



House of Representatives

File No. 728

General Assembly

February Session, 2026

(Reprint of File No. 90)

House Bill No. 5208
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
April 28, 2026

**AN ACT CONCERNING DATA SECURITY, PAYROLL PROCESSING,
CONSUMER FRAUD PROTECTION, MORTGAGE LOANS, AND
EMPLOYEE CREDIT RATES.**

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Section 36a-44a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2026*):

3 (a) As used in this section:

4 (1) "Data security incident" means any unauthorized access to or
5 unauthorized acquisition, destruction or corruption of electronic files,
6 media, databases or computerized data containing (A) personal
7 information of an individual, or (B) supervisory, financial, operational
8 or business information of any (i) licensee under this title, (ii)
9 Connecticut bank, or (iii) Connecticut credit union;

10 (2) "Financial institution" has the same meaning as provided in
11 Section 509 of the Gramm-Leach-Bliley Financial Modernization Act of

12 1999, 15 USC 6809, and the regulations promulgated thereunder, as said
13 act and such regulations may be amended from time to time; and

14 (3) "Personal information" has the same meaning as provided in
15 section 36a-701b.

16 (b) Each financial institution that is a bank, a Connecticut credit
17 union, a federal credit union, an out-of-state bank that maintains a
18 branch in this state, an out-of-state trust company or out-of-state credit
19 union that maintains an office in this state [,] or a licensee under this
20 title, [or any] and each person subject to the jurisdiction of the
21 commissioner under title 36b, shall (1) adopt, in writing, a program that
22 sets forth standards for developing, implementing and maintaining
23 reasonable data security safeguards to protect the security,
24 confidentiality and integrity of customer information and that is
25 consistent with applicable federal regulations, and (2) comply with all
26 provisions of Subtitle A of Title V of the Gramm-Leach-Bliley Financial
27 Modernization Act of 1999, 15 USC 6801 et seq., and the regulations
28 promulgated thereunder that apply to such financial institution [, except
29 to] or person, including, but not limited to, the applicable provisions of
30 12 CFR Part 364, Appendix B, 12 CFR Part 748, Appendix A and 16 CFR
31 Part 314, as said act and such regulations may be amended from time to
32 time. To the extent that this [section] subsection is inconsistent with the
33 provisions of sections 36a-41 to 36a-44, inclusive, [in which case] the
34 provisions that afford the customer greater protection shall control. [For
35 purposes of this section, "financial institution" has the meaning given to
36 that term in Section 509 of the Gramm-Leach-Bliley Financial
37 Modernization Act of 1999, 15 USC 6809, and the regulations
38 promulgated thereunder.]

39 (c) Each licensee under this title, Connecticut bank and Connecticut
40 credit union shall file an initial notification with the Department of
41 Banking, in a form and manner prescribed by the Banking
42 Commissioner, not later than three business days after such licensee,
43 Connecticut bank or Connecticut credit union knows, or has reason to
44 know, of the occurrence of any data security incident that may (1)

45 materially impact its ability to operate in a safe and sound manner or
46 comply with applicable laws and regulations, (2) cause significant
47 disruption in customer services, or (3) involve any unauthorized access
48 to the personal information of any individual. The Banking
49 Commissioner may request additional information regarding any such
50 occurrence subsequent to the filing of such initial notification.

51 Sec. 2. (*Effective from passage*) The Department of Banking shall
52 conduct a study concerning payroll processing methods employed by
53 financial institutions and the time required for payroll checks to clear.
54 Not later than January 1, 2027, the Department of Banking shall submit
55 a report on its findings and recommendations to the joint standing
56 committee of the General Assembly having cognizance of matters
57 relating to banking, in accordance with the provisions of section 11-4a
58 of the general statutes.

59 Sec. 3. (*Effective from passage*) (a) The chairpersons of the joint standing
60 committee of the General Assembly having cognizance of matters
61 relating to banking shall convene a working group to study consumer
62 fraud and protections against such fraud.

63 (b) The working group shall include, but need not be limited to, the
64 following members:

65 (1) The chairpersons and ranking members of the joint standing
66 committee of the General Assembly having cognizance of matters
67 relating to banking, or their designees;

68 (2) The Banking Commissioner, or the commissioner's designee;

69 (3) The Commissioner of Emergency Services and Public Protection,
70 or the commissioner's designee;

71 (4) The executive director of the Commission on Women, Children,
72 Seniors, Equity and Opportunity, or the executive director's designee;

73 (5) An elder law attorney who represents senior citizens in the state;

74 (6) A representative of an association that represents financial
75 institutions in the state;

76 (7) A representative of an organization that represents credit unions
77 in the state;

78 (8) A representative of an organization that represents consumers in
79 the state;

80 (9) A representative of an organization that represents senior citizens
81 in the state;

82 (10) Three members of an association that represents financial
83 institutions in the state, who shall be appointed by such association;

84 (11) Three members of an organization that represents credit unions
85 in the state, who shall be appointed by such organization; and

86 (12) The Commissioner of Consumer Protection, or the
87 commissioner's designee.

88 (c) The chairpersons of the joint standing committee of the General
89 Assembly having cognizance of matters relating to banking shall:

90 (1) Appoint the members described in subdivisions (5) to (9),
91 inclusive, of subsection (b) of this section;

92 (2) Select the association and organization described in subdivisions
93 (10) and (11) of subsection (b) of this section, respectively, for the
94 purpose of making the appointments described in said subdivisions;
95 and

96 (3) Schedule the first meeting of the working group, which shall be
97 held not later than sixty days after the effective date of this section.

98 (d) The members of the working group shall select two
99 cochairpersons from among the members of the working group.

100 (e) The administrative staff of the joint standing committee of the

101 General Assembly having cognizance of matters relating to banking
102 shall serve as administrative staff of the working group.

103 (f) Not later than January 1, 2027, the working group shall submit a
104 report on its findings and recommendations to the joint standing
105 committee of the General Assembly having cognizance of matters
106 relating to banking, in accordance with the provisions of section 11-4a
107 of the general statutes. The working group shall terminate on the date
108 that it submits such report or January 1, 2027, whichever is later.

109 Sec. 4. Section 49-7b of the 2026 supplement to the general statutes is
110 repealed and the following is substituted in lieu thereof (*Effective July 1,*
111 *2026*):

112 (a) For purposes of this section:

113 (1) "Mortgage loan" means any loan, including an open-end line of
114 credit as defined in section 36a-760 or a home equity loan, that is (A)
115 secured by a mortgage on one-to-four family residential real property
116 located in this state, and (B) (i) in the amount of less than one million
117 dollars, or (ii) primarily for personal, family or household use; and

118 (2) "Home equity loan" means a closed-end extension of credit, other
119 than an open-end line of credit, (A) that is (i) secured by a mortgage on
120 a one-to-four family residential real property located in this state that is
121 the borrower's primary residence, (ii) made on the basis of the
122 borrower's equity in such property, and (iii) not made to finance the
123 acquisition of such property, and (B) under which the full principal
124 amount is advanced at consummation and repaid over a specified term.

125 ~~[(a)]~~ (b) [Not later than ten days prior to the date of the closing in a
126 mortgage loan transaction, each] Each creditor, as defined in section 49-
127 6a, shall notify the mortgage loan applicant, in writing, that: (1)
128 Standard homeowners insurance policies do not cover flood damage
129 and related losses; (2) flood damage to property may occur regardless
130 of whether the real property is located in a designated flood zone; and
131 (3) the applicant may wish to consult a licensed insurance producer or

132 surplus lines broker concerning the availability and benefits of
133 obtaining flood insurance.

134 [(b)] (c) The notice required by subsection [(a)] (b) of this section shall
135 be (1) written in plain language, [and] (2) signed and dated by the
136 mortgage loan applicant to acknowledge receipt of such notice, and (3)
137 provided to the mortgage loan applicant not later than (A) the date of
138 closing if the mortgage loan is an open-end line of credit or home equity
139 loan, or (B) ten days prior to the date of closing if the mortgage loan is
140 not an open-end line of credit or home equity loan. Each creditor shall
141 keep and maintain a copy of such notice with the mortgage loan
142 applicant's mortgage records.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2026</i>	36a-44a
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>July 1, 2026</i>	49-7b

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill requires: (1) the Department of Banking to complete a study concerning payroll processing, and (2) the legislature to convene a working group, resulting in no fiscal impact as the department and the working group have the expertise to meet the bill's requirements.

The bill makes other procedural changes that have no fiscal impact to the state.

House "A" eliminates the original bill and its associated fiscal impact, and results in the impact described above.

OLR Bill Analysis**HB 5208 (as amended by House "A")******AN ACT REQUIRING A STUDY CONCERNING FINANCIAL TRANSACTIONS IN THE STATE.*****SUMMARY**

This bill requires:

1. certain entities and individuals to adopt written programs with standards on developing, implementing, and maintaining reasonable data security safeguards for customer information (§ 1);
2. Department of Banking (DOB) licensees and Connecticut banks and credit unions to notify the department within three business days after a data security incident (§ 1);
3. DOB to (a) study financial institutions' payroll processing methods and how long it takes payroll checks to clear and (b) report its findings and recommendations to the Banking Committee by January 1, 2027 (§ 2); and
4. the Banking Committee chairpersons to set up a 19-member working group to study consumer fraud and how to protect against it (§ 3).

The bill additionally narrows the circumstances under which a creditor must give a mortgage loan applicant a plain language notice about flood insurance, generally to one-to-four family residential real property in the state (§ 4).

Lastly, the bill makes technical and conforming changes.

*House Amendment "A" strikes the underlying bill which required DOB to study financial transactions in Connecticut.

EFFECTIVE DATE: Upon passage, except the flood insurance notice provision is effective July 1, 2026, and the data security provisions are effective October 1, 2026.

§ 1 — DATA SECURITY REQUIREMENTS

Written Program to Protect Customer Information

The bill requires the following entities and individuals to adopt written programs with standards on developing, implementing, and maintaining reasonable data security safeguards to protect the security, confidentiality, and integrity of customer information: banks, Connecticut credit unions, federal credit unions, out-of-state banks with a branch in Connecticut, out-of-state trust companies or credit unions with an office in Connecticut, licensees under Connecticut banking law, and those who are subject to DOB jurisdiction under Connecticut securities law. It specifies that these programs must be consistent with applicable federal regulations. Under the bill, to the extent that this requirement conflicts with existing state law on financial records disclosure, the provisions giving customers the greater protection control.

Under existing law, these same entities and individuals must comply with the financial privacy provisions of the Gramm-Leach-Bliley Financial Modernization Act of 1999 and associated regulations (see BACKGROUND). The bill specifies that this includes required compliance with the applicable provisions of three associated federal regulations on standards for developing, implementing, and maintaining safeguards to protect customer information.

Notice about Data Security Incidents

Under the bill, DOB licensees and Connecticut banks and credit unions must initially notify the department within three business days after they know, or have reason to know, of certain data security incidents. The reporting requirement is triggered by any incident that

may (1) materially impact the ability to operate safely and soundly or comply with applicable laws and regulations, (2) significantly disrupt customer services, or (3) involve unauthorized access to an individual’s personal information (see BACKGROUND). The bill allows the DOB commissioner to ask for additional information about the incident after the initial notice is filed.

A “data security incident” under the bill is unauthorized access to or unauthorized acquisition, destruction, or corruption of certain electronic files, media, databases, or computerized data. The files, media, databases, or data involved must have either (1) an individual’s personal information or (2) a licensee’s or bank’s or credit union’s supervisory, financial, operational, or business information.

§ 3 — CONSUMER FRAUD WORKING GROUP

The bill’s consumer fraud and protections working group must at least include the 19 ex-officio and appointed members listed in the following table.

Table: Consumer Fraud and Protections Working Group

<i>Member</i>	<i>Appointing Authority</i>
Banking Committee chairpersons and ranking members (or designees)	N/A
DOB commissioner (or designee)	
Department of Consumer Protection commissioner (or designee)	
Department of Emergency Services and Public Protection commissioner (or designee)	
Commission on Women, Children, Seniors, Equity and Opportunity’s executive director (or designee)	
Elder law attorney representing seniors in Connecticut	Banking Committee chairpersons
Representative of an association representing financial institutions in Connecticut	
Representatives of organizations representing Connecticut credit unions, consumers, and seniors, respectively (one each)	
Three members of an association selected by the Banking Committee chairpersons representing financial institutions in Connecticut	Selected association
Three members of an organization selected by the Banking Committee chairpersons representing credit unions in Connecticut	Selected organization

The Banking Committee chairpersons must schedule the working group's first meeting within 60 days after the bill's passage. The working group must select two chairpersons from among its members. The Banking Committee's administrative staff serve in this capacity for the working group.

Under the bill, the working group must report its findings and recommendations to the Banking Committee by January 1, 2027. It ends when it submits the report or January 1, 2027, whichever is later.

§ 4 — FLOOD INSURANCE NOTICES

Current law requires creditors, beginning July 1, 2026, to give mortgage loan applicants a plain language notice about flood insurance at least 10 days before closing on any mortgage loan transaction.

The bill limits this notice requirement to apply only when the loan will be (1) secured by a mortgage on a one-to-four family residential real property in Connecticut and (2) for less than \$1 million or primarily for personal, family, or household use. It specifies that these loans can include open-end lines of credit and home equity loans. Open-end lines of credit are generally credit arrangements that assume repeated transactions. Under the bill, home equity loans are closed-end credit extensions (1) secured by a mortgage on a one-to-four family residential real property in Connecticut that is the borrower's primary residence and (2) that have the full principal amount advanced at the loan's issuance and repaid over a specified term. They are made based on the borrower's equity in the property and do not finance the property's purchase.

Under the bill, the notice must be given to the loan applicant by the (1) 10th day before the loan's closing date or (2) loan's closing date if it involves an open-end line of credit or a home equity loan.

Creditors subject to this notice law, unchanged by the bill, include state or federal banks, credit unions, mortgage lenders, correspondent lenders, or other financial institutions. Also unchanged is the notice's

required content, which is that (1) standard homeowners' policies do not cover flood related losses, (2) flood damage can happen regardless of whether the property is in a designated flood zone, and (3) the applicant may want to consult an insurance producer or surplus lines broker about flood insurance availability and benefits.

BACKGROUND

Gramm-Leach-Bliley Financial Modernization Act of 1999

Subtitle A of Title V of the Gramm-Leach-Bliley Financial Modernization Act of 1999 limits the circumstances under which a financial institution can disclose a consumer's nonpublic personal information to nonaffiliated third parties. It also requires financial institutions to disclose to their customers the institution's financial privacy policies and practices with respect to affiliated and nonaffiliated parties (15 U.S.C. § 6801 et seq.).

Personal Information

By law, "personal information" is a person's first name or initial and last name, combined with at least one of the following:

1. driver's license or state identification card number;
2. government-issued identification number that is commonly used to verify identity, such as a Social Security, taxpayer identification, passport, or military identification number;
3. credit or debit card number;
4. financial account number, with other information that would give account access;
5. information about the person's medical history, mental or physical condition, or medical treatment or diagnosis;
6. health insurance policy number or subscriber identification number, or any unique identifier a health insurer uses to identify the person;

- 7. biometric data generated by electronic measurements of the person’s unique physical characteristics used to authenticate or determine identity (for example, fingerprint, voice print, or eye image); or
- 8. precise geolocation data.

It also includes a person’s username or email address, combined with a password or security question and answer that would allow access to an online account (breach of login credentials) (CGS § 36a-701b).

Related Bills

sHB 5210 (File 133), favorably reported by the Banking Committee, establishes similar data security requirements for financial institutions.

HB 5213 (File 106), favorably reported by the Banking Committee, establishes a working group to study financial institutions’ payroll processing methods and how long it takes payroll checks to clear.

sHB 5315 (File 99), favorably reported by the Banking Committee, also establishes a working group to study consumer fraud and protections against it.

HB 5317 (File 111), favorably reported by the Banking Committee, limits when the flood insurance notice that creditors must give mortgage loan applicants to the financing of one-to-four family residential real properties secured by first mortgages.

COMMITTEE ACTION

Banking Committee

Joint Favorable

Yea 13 Nay 0 (03/10/2026)