



House Bill No. 5208

Public Act No. 26-51

**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:

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 Section 36a-44a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(a) As used in this section:

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

(2) "Financial institution" has the same meaning as provided in Section 509 of the Gramm-Leach-Bliley Financial Modernization Act of 1999, 15 USC 6809, and the regulations promulgated thereunder, as said act and such regulations may be amended from time to time; and

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

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

(c) Each licensee under this title, Connecticut bank and Connecticut credit union shall file an initial notification with the Department of Banking, in a form and manner prescribed by the Banking Commissioner, not later than three business days after such licensee, Connecticut bank or Connecticut credit union knows, or has reason to know, of the occurrence of any data security incident that may (1) materially impact its ability to operate in a safe and sound manner or comply with applicable laws and regulations, (2) cause significant disruption in customer services, or (3) involve any unauthorized access

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to the personal information of any individual. The Banking Commissioner may request additional information regarding any such occurrence subsequent to the filing of such initial notification.

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

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

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

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

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

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

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

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

(6) A representative of an association that represents financial

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institutions in the state;

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

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

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

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

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

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

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

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

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

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

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

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(e) The administrative staff of the joint standing committee of the General Assembly having cognizance of matters relating to banking shall serve as administrative staff of the working group.

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

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

(a) For purposes of this section:

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

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

[(a)] (b) [Not later than ten days prior to the date of the closing in a mortgage loan transaction, each] Each creditor, as defined in section 49-6a, shall notify the mortgage loan applicant, in writing, that: (1) Standard homeowners insurance policies do not cover flood damage

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and related losses; (2) flood damage to property may occur regardless of whether the real property is located in a designated flood zone; and (3) the applicant may wish to consult a licensed insurance producer or surplus lines broker concerning the availability and benefits of obtaining flood insurance.

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