

# SENATE BILL No. 1331

May 15, 2002, Introduced by Senators PETERS, BYRUM, DE BEAUSSAERT, YOUNG, KOIVISTO, MILLER and SMITH and referred to the Committee on Banking and Financial Institutions.

A bill to amend 1999 PA 276, entitled  
"Banking code of 1999,"  
(MCL 487.11101 to 487.15105) by adding sections 4110, 4111, and  
4112.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1        SEC. 4110. (1) A BANK SHALL USE REASONABLE CARE TO SECURE  
2 NONPUBLIC PERSONAL FINANCIAL INFORMATION FROM UNAUTHORIZED  
3 ACCESS. EXCEPT AS IS NECESSARY OR WHEN REQUIRED BY LAW, A BANK  
4 SHALL NOT DISCLOSE NONPUBLIC PERSONAL FINANCIAL INFORMATION TO A  
5 PERSON WITHOUT THE PRIOR AND SPECIFIC INFORMED CONSENT OF THE  
6 INDIVIDUAL TO WHOM THE NONPUBLIC PERSONAL FINANCIAL INFORMATION  
7 PERTAINS. THE INDIVIDUAL'S CONSENT SHALL BE IN WRITING. EXCEPT  
8 WHEN A DISCLOSURE IS MADE TO THE COMMISSIONER OR ANOTHER  
9 GOVERNMENTAL AGENCY, A COURT, OR ANY OTHER GOVERNMENTAL ENTITY, A  
10 BANK SHALL MAKE A DISCLOSURE FOR WHICH PRIOR AND SPECIFIC

1 INFORMED CONSENT IS NOT REQUIRED UPON THE CONDITION THAT THE  
2 PERSON TO WHOM THE DISCLOSURE IS MADE PROTECT AND USE THE DIS-  
3 CLOSED INFORMATION ONLY IN THE MANNER AUTHORIZED BY THE BANK,  
4 UNDER SECTION 4111. IF AN INDIVIDUAL HAS AUTHORIZED THE RELEASE  
5 OF NONPUBLIC PERSONAL FINANCIAL INFORMATION TO A SPECIFIC PERSON,  
6 A BANK SHALL MAKE A DISCLOSURE TO THAT PERSON UPON THE CONDITION  
7 THAT THE PERSON SHALL NOT RELEASE THE DATA TO A THIRD PERSON  
8 UNLESS THE INDIVIDUAL EXECUTES IN WRITING ANOTHER PRIOR AND SPE-  
9 CIFIC INFORMED CONSENT AUTHORIZING THE ADDITIONAL RELEASE.

10 (2) THIS SECTION DOES NOT PRECLUDE THE RELEASE OF INFORMA-  
11 TION TO AN INDIVIDUAL, PERTAINING TO THAT INDIVIDUAL, BY TELE-  
12 PHONE, IF THE IDENTITY OF THE INDIVIDUAL IS VERIFIED.

13 SEC. 4111. THE BANK SHALL ESTABLISH AND MAKE PUBLIC THE  
14 POLICY OF THE BANK REGARDING THE PROTECTION OF PRIVACY AND THE  
15 CONFIDENTIALITY OF NONPUBLIC PERSONAL FINANCIAL INFORMATION. THE  
16 POLICY, AT A MINIMUM, SHALL DO ALL OF THE FOLLOWING:

17 (A) PROVIDE FOR THE BANK'S IMPLEMENTATION OF PROVISIONS IN  
18 THIS ACT AND OTHER APPLICABLE LAWS AND GUIDELINES RESPECTING COL-  
19 LECTION, SECURITY, USE, RELEASE OF, AND ACCESS TO NONPUBLIC PER-  
20 SONAL FINANCIAL INFORMATION.

21 (B) IDENTIFY THE ROUTINE USES OF NONPUBLIC PERSONAL FINAN-  
22 CIAL INFORMATION BY THE BANK; PRESCRIBE THE MEANS BY WHICH INDI-  
23 VIDUALS WILL BE NOTIFIED REGARDING THOSE USES; AND PROVIDE FOR  
24 NOTIFICATION REGARDING THE ACTUAL RELEASE OF NONPUBLIC PERSONAL  
25 FINANCIAL INFORMATION THAT MAY BE IDENTIFIED WITH, OR THAT MAY  
26 CONCERN, AN INDIVIDUAL, UPON SPECIFIC REQUEST BY THAT  
27 INDIVIDUAL. AS USED IN THIS SUBDIVISION, "ROUTINE USE" MEANS THE

1 ORDINARY USE OR RELEASE OF NONPUBLIC PERSONAL FINANCIAL  
2 INFORMATION COMPATIBLE WITH THE PURPOSE FOR WHICH THE INFORMATION  
3 WAS COLLECTED.

4 (C) ASSURE THAT NO PERSON SHALL HAVE ACCESS TO NONPUBLIC  
5 PERSONAL FINANCIAL INFORMATION EXCEPT ON THE BASIS OF A NEED TO  
6 KNOW.

7 (D) ESTABLISH THE CONTRACTUAL OR OTHER CONDITIONS UNDER  
8 WHICH NONPUBLIC PERSONAL FINANCIAL INFORMATION WILL BE RELEASED.

9 (E) PROVIDE THAT ENROLLMENT APPLICATIONS AND CLAIM FORMS  
10 DEVELOPED BY THE BANK SHALL CONTAIN AN INDIVIDUAL'S CONSENT TO  
11 THE RELEASE OF DATA AND INFORMATION THAT IS LIMITED TO THE DATA  
12 AND INFORMATION NECESSARY FOR THE PROPER REVIEW AND PAYMENT OF  
13 CLAIMS, AND SHALL REASONABLY NOTIFY INDIVIDUALS OF THEIR RIGHTS  
14 UNDER THE BANK'S POLICY AND APPLICABLE LAW.

15 SEC. 4112. SECTIONS 4110 AND 4111 DO NOT LIMIT ACCESS TO  
16 RECORDS OR ENLARGE OR DIMINISH THE INVESTIGATIVE AND EXAMINATION  
17 POWERS OF GOVERNMENTAL AGENCIES, AS PROVIDED FOR BY LAW.