

SENATE BILL No. 1333

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 1925 PA 285, entitled

"An act to provide for the organization, operation, and supervision of credit unions; to provide for the conversion of a state credit union into a federal credit union or a credit union organized and supervised under the laws of any other state or territory of the United States or any other federally insured depository institution and for the conversion of a federal credit union or a credit union organized and supervised under the laws of any other state or territory of the United States or any other federally insured depository institution into a state credit union; and to provide for the merger of credit unions organized and supervised under the laws of this state, credit unions organized and supervised under the laws of any other state or territory of the United States, and federal credit unions,"

(MCL 490.1 to 490.31) by adding sections 28a, 28b, and 28c.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 28A. (1) A CREDIT UNION SHALL USE REASONABLE CARE TO
2 SECURE NONPUBLIC PERSONAL FINANCIAL INFORMATION FROM UNAUTHORIZED
3 ACCESS. EXCEPT AS IS NECESSARY OR WHEN REQUIRED BY LAW, A CREDIT
4 UNION SHALL NOT DISCLOSE NONPUBLIC PERSONAL FINANCIAL INFORMATION
5 TO A PERSON WITHOUT THE PRIOR AND SPECIFIC INFORMED CONSENT OF

1 THE INDIVIDUAL TO WHOM THE NONPUBLIC PERSONAL FINANCIAL
2 INFORMATION PERTAINS. THE INDIVIDUAL'S CONSENT SHALL BE IN
3 WRITING. EXCEPT WHEN A DISCLOSURE IS MADE TO THE COMMISSIONER OR
4 ANOTHER GOVERNMENTAL AGENCY, A COURT, OR ANY OTHER GOVERNMENTAL
5 ENTITY, A CREDIT UNION SHALL MAKE A DISCLOSURE FOR WHICH PRIOR
6 AND SPECIFIC INFORMED CONSENT IS NOT REQUIRED UPON THE CONDITION
7 THAT THE PERSON TO WHOM THE DISCLOSURE IS MADE PROTECT AND USE
8 THE DISCLOSED INFORMATION ONLY IN THE MANNER AUTHORIZED BY THE
9 CREDIT UNION UNDER SECTION 28B. IF AN INDIVIDUAL HAS AUTHORIZED
10 THE RELEASE OF NONPUBLIC PERSONAL FINANCIAL INFORMATION TO A SPE-
11 CIFIC PERSON, A CREDIT UNION SHALL MAKE A DISCLOSURE TO THAT
12 PERSON UPON THE CONDITION THAT THE PERSON SHALL NOT RELEASE THE
13 DATA TO A THIRD PERSON UNLESS THE INDIVIDUAL EXECUTES IN WRITING
14 ANOTHER PRIOR AND SPECIFIC INFORMED CONSENT AUTHORIZING THE ADDI-
15 TIONAL RELEASE.

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

19 SEC. 28B. THE CREDIT UNION SHALL ESTABLISH AND MAKE PUBLIC
20 THE POLICY OF THE CREDIT UNION REGARDING THE PROTECTION OF PRI-
21 VACY AND THE CONFIDENTIALITY OF NONPUBLIC PERSONAL FINANCIAL
22 INFORMATION. THE POLICY, AT A MINIMUM, SHALL DO ALL OF THE
23 FOLLOWING:

24 (A) PROVIDE FOR THE CREDIT UNION'S IMPLEMENTATION OF PROVI-
25 SIONS IN THIS ACT AND OTHER APPLICABLE LAWS AND GUIDELINES
26 RESPECTING COLLECTION, SECURITY, USE, RELEASE OF, AND ACCESS TO
27 NONPUBLIC PERSONAL FINANCIAL INFORMATION.

1 (B) IDENTIFY THE ROUTINE USES OF NONPUBLIC PERSONAL
2 FINANCIAL INFORMATION BY THE CREDIT UNION; PRESCRIBE THE MEANS BY
3 WHICH INDIVIDUALS WILL BE NOTIFIED REGARDING THOSE USES; AND PRO-
4 VIDE FOR NOTIFICATION REGARDING THE ACTUAL RELEASE OF NONPUBLIC
5 PERSONAL FINANCIAL INFORMATION THAT MAY BE IDENTIFIED WITH, OR
6 THAT MAY CONCERN, AN INDIVIDUAL, UPON SPECIFIC REQUEST BY THAT
7 INDIVIDUAL. AS USED IN THIS SUBDIVISION, "ROUTINE USE" MEANS THE
8 ORDINARY USE OR RELEASE OF NONPUBLIC PERSONAL FINANCIAL INFORMA-
9 TION COMPATIBLE WITH THE PURPOSE FOR WHICH THE INFORMATION WAS
10 COLLECTED.

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

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

16 (E) PROVIDE THAT ENROLLMENT APPLICATIONS AND CLAIM FORMS
17 DEVELOPED BY THE CREDIT UNION SHALL CONTAIN AN INDIVIDUAL'S CON-
18 SENT TO THE RELEASE OF DATA AND INFORMATION THAT IS LIMITED TO
19 THE DATA AND INFORMATION NECESSARY FOR THE PROPER REVIEW AND PAY-
20 MENT OF CLAIMS, AND SHALL REASONABLY NOTIFY INDIVIDUALS OF THEIR
21 RIGHTS UNDER THE CREDIT UNION'S POLICY AND APPLICABLE LAW.

22 SEC. 28C. SECTIONS 28A AND 28B DO NOT LIMIT ACCESS TO
23 RECORDS OR ENLARGE OR DIMINISH THE INVESTIGATIVE AND EXAMINATION
24 POWERS OF GOVERNMENTAL AGENCIES, AS PROVIDED FOR BY LAW.