

By: Bell of Montgomery

H.B. No. 4996

A BILL TO BE ENTITLED

AN ACT

relating to a statewide cyber insurance program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. DEFINITIONS. In this Act:

(1) "Department" means the Department of Information Resources.

(2) "Office" means the State Office of Risk Management.

(3) "Risk framework" means key security domains identified by cyber insurance underwriters based on current security controls.

(4) "Security controls" include:

(A) use of multiple security levels;

(B) managing user access;

(C) user authentication;

(D) network and server vulnerability;

(E) malware defense;

(F) operational technology;

(G) remote work;

(H) third-party vendor management;

(I) e-mail filtering;

(J) response planning;

(K) data encryption and backup;

(L) use of wireless devices and connections;

- (M) monitoring users or devices;
- (N) continuity of service;
- (O) incident response;
- (P) appropriate insurance coverage; and
- (Q) governance.

SECTION 2. STUDY. Not later than October 1, 2023, the department shall contract with a cyber risk model vendor to conduct a study on the development of a statewide risk framework in order to determine the need for and feasibility of implementing a statewide cyber insurance program. The department shall enter into a memorandum of understanding with the office to support this assessment.

SECTION 3. INSURANCE PROGRAM. Based on the results of the study required by Section 2 of this Act, the office may develop and maintain a statewide cyber insurance program meeting the specifications identified in the study.

SECTION 4. REPORT. Not later than April 1, 2024, the department, in conjunction with the office, shall prepare and submit to the governor and the legislature a report containing the results of the study and any recommendations for legislative or other action to address the need for and feasibility of requiring cyber insurance.

SECTION 5. EXPIRATION. This Act expires September 1, 2025.

SECTION 6. EFFECTIVE DATE. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for

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1 immediate effect, this Act takes effect September 1, 2023.