



General Assembly

Amendment

February Session, 2026

LCO No. 4308



Offered by:

REP. DOUCETTE, 13th Dist.

REP. DELNICKI, 14th Dist.

REP. O'DEA, 125th Dist.

REP. SANTOS, 109th Dist.

To: House Bill No. 5208

File No. 90

Cal. No. 82

**"AN ACT REQUIRING A STUDY CONCERNING FINANCIAL
TRANSACTIONS IN THE STATE."**

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

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 Section 36a-44a of the general statutes is repealed and the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

5 (a) As used in this section:

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

12 (2) "Financial institution" has the same meaning as provided in
13 Section 509 of the Gramm-Leach-Bliley Financial Modernization Act of
14 1999, 15 USC 6809, and the regulations promulgated thereunder, as said
15 act and such regulations may be amended from time to time; and

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

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

41 (c) Each licensee under this title, Connecticut bank and Connecticut
42 credit union shall file an initial notification with the Department of
43 Banking, in a form and manner prescribed by the Banking
44 Commissioner, not later than three business days after such licensee,

45 Connecticut bank or Connecticut credit union knows, or has reason to
46 know, of the occurrence of any data security incident that may (1)
47 materially impact its ability to operate in a safe and sound manner or
48 comply with applicable laws and regulations, (2) cause significant
49 disruption in customer services, or (3) involve any unauthorized access
50 to the personal information of any individual. The Banking
51 Commissioner may request additional information regarding any such
52 occurrence subsequent to the filing of such initial notification.

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

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

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

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

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

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

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

- 75 (5) An elder law attorney who represents senior citizens in the state;
- 76 (6) A representative of an association that represents financial
77 institutions in the state;
- 78 (7) A representative of an organization that represents credit unions
79 in the state;
- 80 (8) A representative of an organization that represents consumers in
81 the state;
- 82 (9) A representative of an organization that represents senior citizens
83 in the state;
- 84 (10) Three members of an association that represents financial
85 institutions in the state, who shall be appointed by such association;
- 86 (11) Three members of an organization that represents credit unions
87 in the state, who shall be appointed by such organization; and
- 88 (12) The Commissioner of Consumer Protection, or the
89 commissioner's designee.
- 90 (c) The chairpersons of the joint standing committee of the General
91 Assembly having cognizance of matters relating to banking shall:
- 92 (1) Appoint the members described in subdivisions (5) to (9),
93 inclusive, of subsection (b) of this section;
- 94 (2) Select the association and organization described in subdivisions
95 (10) and (11) of subsection (b) of this section, respectively, for the
96 purpose of making the appointments described in said subdivisions;
97 and
- 98 (3) Schedule the first meeting of the working group, which shall be
99 held not later than sixty days after the effective date of this section.
- 100 (d) The members of the working group shall select two

101 cochairpersons from among the members of the working group.

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

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

111 Sec. 4. Section 49-7b of the 2026 supplement to the general statutes is
112 repealed and the following is substituted in lieu thereof (*Effective July 1,*
113 *2026*):

114 (a) For purposes of this section:

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

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

127 [(a) Not later than ten days prior to the date of the closing in a
128 mortgage loan transaction, each] (b) Each creditor, as defined in section
129 49-6a, shall notify the mortgage loan applicant, in writing, that: (1)
130 Standard homeowners insurance policies do not cover flood damage

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

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

145 Sec. 5. Subsection (d) of section 36a-454b of the 2026 supplement to
146 the general statutes is repealed and the following is substituted in lieu
147 thereof (*Effective from passage*):

148 (d) (1) Except as provided in subdivision (2) of this subsection, an
149 insider, immediate family member of such insider or other person
150 having a common ownership, investment or other pecuniary interest in
151 a business enterprise with an insider or immediate family member of
152 such insider shall not obtain an extension of credit from the Connecticut
153 credit union with preferential rates, terms or conditions, or act as
154 guarantor or endorser thereon, and shall not be involved in the
155 appraisal or valuation of assets which are to be used as collateral for an
156 extension of credit.

157 (2) An insider, an employee of a Connecticut credit union or a
158 member of the governing board may obtain an extension of credit from
159 the Connecticut credit union with preferential rates, terms or conditions,
160 or act as guarantor or endorser thereon, provided such extension of
161 credit is obtained pursuant to a written policy established by the
162 governing board. Any such written policy shall require that (A) uniform

163 preferential rates, terms or conditions that are offered to insiders [,
 164 employees] and members of the governing board shall be offered
 165 uniformly to employees, and that other preferential rates, terms or
 166 conditions may be uniformly offered solely to employees other than
 167 insiders or members of the governing board, and (B) no extension of
 168 credit shall be offered pursuant to such written policy if, at the time the
 169 credit is extended, the Connecticut credit union reasonably expects such
 170 extension of credit to result in a financial loss."

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
Sec. 5	<i>from passage</i>	36a-454b(d)