

HB 3228 STAFF MEASURE SUMMARY

Joint Committee On Information Management and Technology

Prepared By: Sean McSpaden, Committee Coordinator

Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 3/21

WHAT THE MEASURE DOES:

House Bill 3228 directs the Oregon Cybersecurity Advisory Council to study the use of cybersecurity insurance by Oregon public bodies and directs the advisory council to submit findings to the interim committees of the Legislative Assembly related to information management and technology no later than December 31, 2025. Further, House Bill 3228 establishes the Oregon Cybersecurity Resilience Fund and appropriates moneys in the fund to the Higher Education Coordinating Commission for distribution to the Oregon Cybersecurity Center of Excellence to assist public bodies with cybersecurity insurance requirements and cybersecurity incidents. The Act takes effect on its passage.

Fiscal impact: May have fiscal impact, but no statement yet issued.

Revenue impact: May have revenue impact, but no statement yet issued.

Detailed Summary:

- Directs the Oregon Cybersecurity Advisory Council to study the use of cybersecurity insurance for public bodies in Oregon.
- Directs the advisory council to submit findings, including recommendations for legislation, to the interim committees of the Legislative Assembly related to information management and technology no later than December 31, 2025.
- Directs the State Chief Information Officer and the Oregon Cybersecurity Center of Excellence to provide staff and support services to the advisory council necessary for the advisory council to complete the study and report.
- Establishes the Oregon Cybersecurity Resilience Fund and appropriates moneys in the fund to the Higher Education Coordinating Commission for distribution to the Oregon Cybersecurity Center of Excellence to assist public bodies with
 - Meeting cybersecurity insurance requirements, and
 - Preparing and planning for, mitigating, responding to and recovering from a cyberattack, information security incident or data breach.

Effective Date:

- Declares an emergency and is effective on passage.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

During the 2023 Legislative Session, the Joint Legislative Committee on Information Management and Technology held an informational meeting focused on Cyber Insurance on May 17, 2023. At that meeting, representatives from the Oregon Department of Administrative Services Risk Management Program (on behalf of state government), CityCounty Insurance Services (on behalf of the League of Oregon Cities and Association of Oregon Counties), and the Special Districts Association of Oregon (on behalf of the Special Districts Insurance Services and

Property and Casualty Coverage for Education Trust programs) expressed concerns that insurance policy options for public bodies in Oregon were becoming more limited, the requirements and premiums to obtain cyber insurance were continuing to increase, and the coverage limits available to recover from a cyberattack or data breach were continuing to decrease.

The sophistication, severity, and frequency of cyberattacks on public bodies across the nation, and here in Oregon, continue to increase and the use of artificial intelligence (AI) is accelerating the automation of those attacks. Ransomware-as-a-Service (RaaS), whereby criminals deploy predeveloped ransomware tools, is also expected to increase with the support of AI.

Although the cyber insurance market has stabilized, and insurance coverage options and limits have increased since 2023, many local governments, schools and special districts here in Oregon (especially small and rural public bodies with limited or no information technology staff and resources) struggle to meet basic cyber insurance coverage requirements. They are currently unable to obtain available cyber insurance coverage, or to plan or prepare for, mitigate, respond to, or recovery from a cyberattack or data breach without assistance from outside parties.