

Statement of Congressman Michael N. Castle

*Financial Services Committee Hearing on
"Assessing Data Security: Preventing Breaches and Protecting Sensitive Information"*

May 4, 2005

Thank you Chairman Oxley and Ranking Member Frank for holding this important hearing today before the Financial Services Committee. In recent months, a number of "data breaches" have come to light. I think it is important we understand the situations surrounding each breach and learn how some of the companies testifying before us today took steps to remedy these situations.

Today, we live in a world that has become increasingly complicated and reliant on technology and dependent on data for instant decisions. Therefore, Mr. Chairman, I believe it is worthwhile for us to explore the practicality of requiring database security safeguards for most of the public and private sectors. While our financial institutions, as defined by the Gramm-Leach-Bliley Act, are already required to secure their sensitive data, it may be that we should do likewise across other sectors.

In the coming weeks, we are planning to introduce a comprehensive bill that, in part, requires many more databases to have a standard level of protection. In addition, we will define what constitutes a breach so that effected entities, regulators and consumers, can be notified when appropriate and in a coordinated manner. I am pleased to be working with the Gentlewoman from Ohio, Ms. Pryce, on this legislation that is intended to address a number of these and other concerns.

Finally, I am interested in hearing from our panelists about steps they took to ensure the future safety of the breached parties sensitive information. Some companies have provided free credit monitoring for all those that were subject to the breach. I think this is an enormously positive step that helps consumers and restores confidence and peace of mind to many.

The flow of information in our society is important -- it helps consumers everyday with access to credit, price competition, and even with issues related to public safety. Mr. Chairman, I thank you for holding this hearing today and I look forward to hearing from each of our witnesses.