

Government of the District of Columbia
Office of the Chief Financial Officer



Glen Lee
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Glen Lee
Chief Financial Officer 

DATE: July 7, 2026

SUBJECT: Fiscal Impact Statement – Cybersecurity and Accountability Act of 2025

REFERENCE: Bill 26-467, Draft Committee Print as provided to the Office of Revenue Analysis on June 16, 2026

Conclusion

Funds are sufficient in the proposed revised fiscal year 2026 budget and proposed fiscal year 2027 through fiscal year 2030 budget and financial plan to implement the bill.

Background

The bill establishes standards for data security, investigations, and notification requirements for licensed insurance providers in the District. Specifically, the bill requires each licensed insurance provider to:

- Develop, implement, and maintain a written information security program to protect the security and confidentiality of nonpublic information;
- Guard against threats or hazards and restrict unauthorized access to nonpublic information;
- Define data management policies;
- Regularly assess risks to their data and IT systems, conduct employee training, implement safeguards, and monitor for attacks;
- Investigate, determine the scope, identify affected data, and take action to restore system security after a security incident; and
- Notify the Department of Insurance, Securities, and Banking (DISB) within three business days of confirming a qualifying cybersecurity event.

The bill allows DISB to examine and investigate licensed insurance providers for compliance and, if necessary, enforce its provisions. Any information obtained by DISB during an investigation of a

The Honorable Phil Mendelson

FIS: "Cybersecurity and Accountability Act of 2025," Bill 26-467, Draft Committee Print as provided to the Office of Revenue Analysis on June 16, 2026.

cybersecurity event is privileged and must be kept confidential . Any licensed insurance provider found to be in violation of the law may be subject to penalties up to \$1,000 per day, capped at \$25,000.

The bill exempts licensed insurance providers with fewer than ten employees, low-volume or low-asset providers, and allows that providers already compliant with the Health Insurance Portability and Accountability Act (HIPAA)¹ may be exempt from some requirements.

Financial Plan Impact

Funds are sufficient in the proposed revised fiscal year 2026 budget and proposed fiscal year 2027 through fiscal year 2030 budget and financial plan to implement the bill. Licensed insurance providers operate outside of the District's budget and financial plan. There is no cost to the District for requiring licensed insurance providers to meet certain cybersecurity standards. DISB can implement and enforce compliance with the provisions in the bill with existing resources

¹ Pub. L. 104-191; 110 Stat. 1936.