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National Association of Federal Credit Unions | [nafcu.org](http://nafcu.org)

March 21, 2016

The Honorable John Ratcliffe  
Chairman  
Subcommittee on Cybersecurity,  
Infrastructure Protection, and  
Security Technologies  
Homeland Security Committee  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Cedric Richmond  
Ranking Member  
Subcommittee on Cybersecurity,  
Infrastructure Protection, and  
Security Technologies  
Homeland Security Committee  
U.S. House of Representatives  
Washington, D.C. 20515

**Re: Tomorrow's Hearing on Cyber Risk Management**

Dear Chairman Ratcliffe and Ranking Member Richmond:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association exclusively representing the federal interests of our nation's federally-insured credit unions, I write today in conjunction with tomorrow's hearing, "The Role of Cyber Insurance in Risk Management." We appreciate your focus on finding ways to limit risk related to cyber threats, and recommend that one way to manage risk and protect data in a substantive way would be to establish national data security standards.

Data breaches have become a constant concern of the American people. Major data breaches now occur with an unacceptable level of regularity. From breaches at Target and Home Depot that impacted over 110 million consumer records and 56 million payment cards respectively, to recent breaches at the Hyatt and Hilton Hotel chains, the concerns of American consumers are well founded. A Gallup poll from October 7-11, 2015, found that for the second consecutive year, 69 percent of U.S. adults are frequently or occasionally concerned about having their credit card information stolen by hackers. These staggering survey results speak for themselves and should demonstrate the need for greater national attention to this issue.

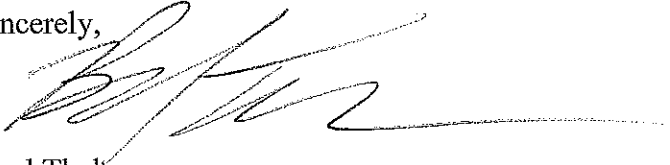
Americans' sensitive financial and personally identifiable information will only be as safe as the weakest link in the security chain. While financial institutions, including credit unions, have been subject to federal standards on data security since the passage of the *Gramm-Leach-Bliley Act* (GLBA), retailers and many other entities that handle sensitive personal financial data are not subject to these same standards. Consequently, they have become the vulnerable targets of choice for cybercriminals.

Credit unions suffer steep losses in re-establishing member safety after a data breach occurs. They are often forced to absorb fraud-related losses, many of which stem from a negligent entity's failure to protect sensitive financial and personal information in their systems. Since credit unions are not-for-profit cooperatives, it is their members who are ultimately the ones impacted by these costs.

It is with this in mind that NAFCU urges you to consider common sense bipartisan legislation to create national data security standards, such as H.R. 2205, the *Data Security Act of 2015*, introduced by Representatives Randy Neugebauer and John Carney. H.R. 2205 received strong bipartisan support in a House Financial Services Committee mark-up last December and would create flexible requirements that, while protecting consumers' data in the current environment, would also allow for and encourage innovation to protect consumers from future threats we have not yet anticipated. Additionally, the national standards created by the bill would be scalable to allow for compliance by entities of all sizes. Just as the GLBA institutes requirements that are appropriate for both the smallest credit unions and the biggest banks, this legislation would allow for appropriate standards for the smallest corner store to the largest retailers.

Thank you for your attention and for your leadership on this issue of great importance to credit unions. Should you have any questions or require any additional information please contact me or Chad Adams, NAFCU's Associate Director of Legislative Affairs, at 703-842-2265 or [cadams@nafcu.org](mailto:cadams@nafcu.org).

Sincerely,

A handwritten signature in black ink, appearing to read 'Brad Thaler', with a long horizontal line extending to the right.

Brad Thaler  
Vice President of Legislative Affairs

cc: Members of the Subcommittee on Cybersecurity, Infrastructure Protection, and Security Technologies