

certain documents sent via traditional mail or relating to property interests. Prior to January 1, 2005, a person that uses a Social Security number in a manner prohibited by Senate Bill 117 may continue to do so if the use is continuous or notice is given of the right to stop the use of the Social Security number. Finally, the bill applies to all health insurance policies issued, delivered or renewed on or after January 1, 2005. Health insurance policies or contracts in effect before January 1, 2005, must be in compliance by January 1, 2006.

This legislation has the laudable goal of protecting the privacy of a person's Social Security number. Widespread use of Social Security numbers for identification has created a society subject to a proliferation of identity theft crimes. One section of the bill, however, makes it more difficult for consumers to transact businesses with their insurers. An insurer can only include an individual's Social Security number in documents sent by mail. Insurers are specifically prohibited from using electronic mail (even if there is a secure connection and the SSN is encrypted) and facsimile transmissions.

Insurers uniformly use e-mail and facsimile transmissions to transact business with consumers at their request and to prohibit this practice would cause undue hardship on Maryland consumers. For example, the insurer United Services Automobile Association (USAA) primarily deals with servicemen and women who are deployed and often have changing needs with respect to life insurance and other insurance products. Prohibiting the use of a Social Security number for identification via e-mail or facsimile will substantially inconvenience military personnel who are often deployed in areas where traditional mail is not timely. Often, the processing of an application is time-sensitive for these individuals who are deployed in the service of their country. The importance of using one's Social Security number for identification under these circumstances was highlighted by USAA, which pointed out that there are 1,800 USAA members named "David Johnson".

Moreover, California adopted a statute restricting the use of Social Security numbers for identification purposes in 2002 that has become the industry standard. This statute permits an insurer to transmit an individual's Social Security number via e-mail and facsimile if it is over a secure connection and encrypted. Given the absence of a federal law and the fact that insurers such as USAA deal in multiple states, it is critical that Maryland's law comports with the laws of other states.

For the above stated reasons, I have vetoed Senate Bill 117.

Very truly yours,
Robert L. Ehrlich, Jr.
Governor

Senate Bill No. 117

AN ACT concerning

Consumer Protection - Privacy of Social Security Numbers

FOR the purpose of prohibiting the public posting or displaying of an individual's Social Security number under certain circumstances; prohibiting the printing of