

## **NEW PRIVACY LEGISLATION REQUIRES OPERATIONAL CHANGES BY MICHIGAN EMPLOYERS**

On March 1, 2005, the Michigan Legislature enacted a series of laws aimed at reducing identity theft. One of those laws, the Social Security Number Privacy Act, requires employers to take immediate steps to ensure the privacy of their employees' Social Security numbers. The Act also requires employers to adopt a privacy policy regarding privacy of these numbers by January 1, 2006. This law applies to all Michigan employers, regardless of size.

Violators may be imprisoned for up to 93 days or fined \$1,000. Employees may also sue employers that violate this Act and recover either \$1,000 or actual damages, whichever is greater, and attorney fees.

### **Immediate Steps - Requirements**

Subject to certain exceptions, the Act significantly reduces situations where an employer may use an employee's Social Security number. It also has exceptions for how public agencies may use or disclose that information.

Effective January 1, 2006, an employer may not mail a document that contains more than four consecutive digits of an employee's or customer's Social Security number, except in limited situations. Also on that date, an employer that obtains employees' or customer's Social Security numbers in the normal course of business must create a "privacy policy". That policy must be in an employee handbook or similar document. That policy must address the following concerns:

- 1) Ensures the confidentiality of the employees' and customer's Social Security numbers, to the extent practicable;
- 2) Prohibits unlawful disclosure of those Social Security numbers;

- 3) Limits access to those Social Security numbers;
- 4) Describes a procedure to destroy documents with those Social Security numbers; and
- 5) Establishes penalties for employees who violate the policy.

Michigan employers are well-advised to review this legislation, adjust their operating procedures to come into compliance with the law and create a new policy.

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