

Data Privacy, Security and Breach Management Solution

Privacy Solutions' mission is to empower companies and individuals to take better control of personal information. Currently, the greatest threat to personal information is identity theft. There have been over 165 million breaches of personal information since February 2005. In addition to financial misuse, 22% of victims report that their personal information was used in some "non-financial" way such as commission of a crime or filing of false tax returns.

To stem the tide of this assault on personal information, Privacy Solutions has assembled a team of service providers including American International Group, Inc. (AIG), International Graphics Communications, Inc (IGC), Jackson Lewis LLP, and KM2 Solutions, Inc. Each member brings its specific expertise to make available a suite of products and services including:

For businesses:

- Data privacy and security gap assessment
- AIG Corporate Security and Privacy Liability Insurance
- A customizable *Personal Protection Plan* to be offered to employees as an employee benefit

The *Personal Protection Plan* can be a valuable tool for business to offer as an employee benefit in that it carries the following advantages for any employer:

- Employee recruitment & retention tool
- Low cost offset to reductions in other benefits
- Controlling the adverse effects of "presenteeism" on productivity by taking a significant portion of the administrative burden off of the employee who has to rebuild his stolen identity or damaged credit
- Use as a mitigation tool in the event of a corporate data breach, minimizing legislative fines and legal action.

For individuals:

An identity theft protection package similar to the *Personal Protection Plan* above that includes:

- Identity Monitoring: Early detection and warning system for identity theft.
- AIG Personal Identity Theft Insurance: \$25K/0 deductible/24/7 victim assistance.
- Identity Recovery Service: Restoring the victims' identity to a pre-theft status.
- SmartGuard Newsletter

These products and services are designed to be secure, scalable, preventative and consumer friendly. They are described more fully below.

Protecting Your Business

Companies store vast amounts of customer and employee personal information. While warehousing this sensitive data is important, we live in a dangerous world and the damage an organization can incur as the result of an unauthorized data breach cannot be understated.

Federal and state legislation addressing corporate pre and post breach preparedness is becoming onerous. Financial costs, decline in brand confidence, and loss of future revenue are all reasons to be proactive in protecting your business with Privacy Solutions' Data Breach Services.

In a benchmark Ponemon Institute study, it was found that on average, a company paid out \$182 per lost record. The total average cost per company was \$4.8 million dollars, including costs such as:

- Direct compliance costs: notification letters, legal fees, responding to employee/customer inquiries, providing data monitoring services, and other direct expenses.
- Lost productivity costs: lost employee or contractor time, "presenteeism" and diverted productivity from other tasks.

- Opportunity costs: public and investor relations, existing customer or employee turnover and loss of consumer confidence.

Privacy Solutions helps businesses effectively deal with this growing data breach and identity theft problem through the following tools:

Prevention - Information Security Gap

Assessment: The first step toward achieving data privacy and security of sensitive personal information is gaining an understanding of the scope of such information maintained by the company and the level of protections currently in place. Businesses must then assess whether these protections are adequate taking into account existing law and good business practices. In essence, this component service helps companies find and close these security gaps through navigating the various privacy and security laws that apply (e.g., HIPAA, GLB, ADA, etc.) and making recommendations for policies and procedures, and conducting training.

Protection - Corporate Breach Insurance:

AIG offers a Security and Privacy Liability Insurance Policy through a leading nationwide broker that would cover the direct costs of any regulatory enforcement action, compliance expenses, and legal liability and defense costs resulting from a breach. The following items highlight some of the costs covered under this policy when triggered by a data

breach, subject to policy terms including limits and exclusions:

- o *Investigation*: Forensic services including evidence collection and preservation, support in closing holes/vulnerabilities and getting systems up and running again, coordination with law enforcement and fraud experts, supporting prosecution efforts/expert testimony
- o *Breach Notification Requirement*: Printing and mailing of notices to affected employees as necessary to comply with existing federal and state laws mandating such notification
- o *ID Monitoring*: Monitoring services (either as blanket coverage for all affected individuals or as available for election by the employee) to mitigate potential losses that may result from the breach which is becoming a standard offering by companies that experience a data breach.
- o *Customer Assistance*: Call center services will be provided (24/7/365) to address questions by affected individuals regarding the breach and/or the steps the breached organization is taking to correct the situation. Through the call center, affected individuals also could register for any

monitoring services provided by the organization.

- o *Identity Recovery*: Services associated with clearing and restoring an individual's identity

Corporate Employee Benefit: To help shield employees from the adverse effects of a potential data breach as well as the growing problem of identity theft, leading corporations are finding it necessary to make the *Personal Protection Plan* available as a benefit for their employees, which includes the Early Alert program. In addition to helping employees, the *Personal Protection Plan* as an employee benefit can have significant benefits to the employer, including:

- Employee recruitment & retention
- Low cost offset to reductions in other benefits
- Controlling the adverse effects of “presenteeism” on productivity by taking a significant portion of the administrative burden off of the employee who has to rebuild his stolen identity or damaged credit
- Minimizing exposure as a mitigation tool in the event of a corporate data breach

Our four-component *Personal Protection Plan* utilizes proprietary technology and strategic partnerships to protect against and recover from identity fraud.

- **Early Alert** – This innovative detection and warning system utilizes AlertNow™, Privacy Solutions’ proprietary system, to scan hundreds of data sources at various daily, weekly, bi-weekly and monthly intervals for address changes—a common link in identity theft cases. Should any address changes be detected, which typically signifies that there is a theft in progress, AlertNow™ issues a warning by personal phone call. This unique early detection system will either prevent theft or at least substantially limit the amount of damage done and time necessary to recover. By issuing alerts to potentially bogus accounts or fraudulent activity, consumers can maintain complete control of their identities with minimal effort.

- **AIG Identity Theft Insurance*** – Once victimized by identity theft, restoring one’s name and good credit is a time consuming and costly process. For this reason, Privacy Solutions makes available an AIG insurance policy in the amount of \$25K with a \$0 deductible. This coverage protects against certain financial hardships associated with identity theft such as falsely incurred debt, lost wages, legal fees, and correspondence with creditors. In addition to financial relief, policyholders have access 24/7 to trained identity theft specialists. These specialists will aid victims in the recovery process until resolution.

- **Identity Recovery** – Privacy Solutions also aids in the recovery process in two ways. We can either assist victims in the resolution process, or completely do it for them. If identity theft victims simply want assistance, we provide a step-by-step instruction manual detailing the resolution process, including guidance for avoiding future complications, and a toll-free victim assistance number for access to specialists trained in identity theft recovery. This service allows consumers to correct identity theft problems themselves, without the assistance or expense of an attorney. Consumers may also choose to have Privacy Solutions assume and reorganize the recovery process on their behalf. In this case, we can further minimize the time and hassle involved. Virtually all of the activities typically required to restore one’s identity are handled by Privacy Solutions, on the individual’s behalf, significantly reducing the demands associated with clearing and restoring the individual’s identity. Some of these services are covered under the AIG insurance policy described in the preceding paragraph.

- **SmartGuard Newsletter** – Awareness is the first line of defense against identity theft. For that reason, Privacy Solutions provides a monthly e-publication designed to educate consumers and increase understanding of identity protection issues. This e-newsletter enables consumers to be proactive in protecting their personal information, while further explaining and updating the personal privacy and security options Privacy Solutions provides.

**Insurance underwritten by member companies of American International Group, Inc. The description herein is a summary only. It does not include all terms, conditions and exclusions of the policies described. Please refer to the actual policies for complete details of coverage and exclusions. Coverage not available to residents of New York and may not be available in other jurisdictions.*

Privacy Solutions' Service Providers

While Privacy Solutions brings its proprietary technology and expertise to the Breach Management solution suite, it also relies on best of breed service providers to execute key elements of the program. The key providers are:

Corporate Identity Protection Insurance: The AIG Identity Theft and Fraud Division, a division of the property and casualty insurance companies of American International Group, Inc. (AIG) creates, underwrites and markets insurance products and related services which address the risks of fraud to consumers and businesses within the U.S. and other countries. Their consumer products address identity theft, fraud perpetrated on individuals and damage to personal computers resulting from malicious viruses. Their commercial products address identity theft liability and specific types of fraud within the plastic card payments system. AIG is the world's leading international insurance and financial services organization, with operations in approximately 130 countries and jurisdictions. AIG member companies serve commercial, institutional and individual customers

through the most extensive worldwide property-casualty and life insurance networks of any insurer.

Proactive Prevention Services and Forensic Investigation: AIG World Investigative Resources, Inc. (AIGWIR), a wholly owned subsidiary of American International Group, Inc. (AIG), offers expertise in insurance claim fraud prevention, detection, and recovery across all insurance lines.

AIGWIR creates client-focused programs that get results and are cost-effective. Depending on the client's requirements, we provide our services on a consulting, contingency, project, or individual fee basis. This customized approach allows clients to design the program that best suits their needs.

AIGWIR offers these services throughout the U.S. and globally in the more than 130 jurisdictions where AIG member companies **conduct business**.

Notification Letters: International Graphics Communications, Inc (IGC) has offered high end printing services to a wide range of clients in virtually every industry while demonstrating special expertise in the insurance and financial services sector.

IGC's state of the art warehousing and distributions services supports their printing capabilities and has proved to be a welcomed resource for clients in the US, Latin America and Europe. IGC has the ability to print and send 1,200,000 notification letters per day.

Legal Counsel Includes Gap Assessment, Preventive Measures and Regulatory Compliance: Jackson Lewis LLP, through an interdisciplinary group of attorneys, offers creative solutions to achieving the difficult balance between an organization's need for personal information and the individual's desire to keep that information private. This includes assisting those organizations in navigating the emerging international, federal and state laws affecting data privacy and security of such information. Jackson Lewis LLP has more than 420 attorneys in 30 nationwide, strategically placed offices.

Call Center Support: KM2 Solutions, Inc. offers customer contact solutions to the credit and collection industry through its 600-seat call center. Their products and services are comprehensive in nature, which allows clients to incorporate KM2 at any point in the life cycle of their customer's account. The company provides a suite of products to credit grantors worldwide. Services include telemarketing, customer care, first party accounts receivable outsourcing, and third party collections. KM2 executes these inbound and outbound services using state of the art technology such as Interactive Voice Response and Automatic Call Distribution.

Next Steps

Contact Dennis Starr by telephone at 914-654-9200 or through email at dstarr@razevents.com to make an appointment with the experts.