

Security Breaches: The Implications and Costs Involved With Them



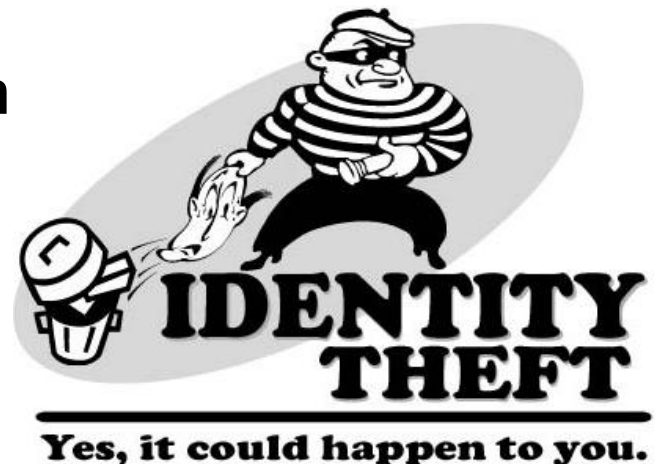
Understanding the Terms

- **Identity Theft**
- **Cyber-security & Cyber-crime**
- **Data breach**



Understanding the Terms

Identity Theft - a form of stealing someone's identity in which someone pretends to be someone else by assuming that person's identity, usually as a method to gain access to resources or obtain credit and other benefits in that person



Understanding the Terms

Cyber-security & Cyber-crime - a crime that has some kind of computer or internet (cyber) aspect to it. The computer can be either a tool or a target of the crime or both. It also is referred to as "digital", "electronic", "virtual" , "IT", "high-tech" and "technology-enabled" crime



Understanding the Terms

Data Breach - an incident in which an individual name plus a Social Security number, driver's license number, medical record or financial record (credit/debit cards included) is *potentially* put at risk because of exposure. This exposure can occur either electronically or in paper format. (*Identity Theft Resource Center*)



Data Breaches

The ITRC currently tracks seven categories of data loss methods:

- Insider Theft
- Hacking
- Data on the Move
- Subcontractor/Third Party
- Employee Error/Negligence
- Accidental Web/Internet Exposure
- Physical Theft



Data Breaches

The ITRC currently tracks four types of information compromised:

- Social Security number
- Credit/Debit Card number
- Email/Password/User Name
- Protected Health Information



Data Breach Notification

Pennsylvania's Law is

**“Breach of Personal Information Notification
Act “**

**Purdon's Pennsylvania Statutes and
Consolidated Statutes Title 73 P.S. “Trade
and Commerce” Chapter 43, § 2301 et seq.**



Data Breach Notification

The Act applies to any "sole proprietorship, partnership, corporation, association or other group" whether for profit or not for profit, including Pennsylvania governmental agencies and subdivisions, financial institutions and entities that "destroy records" that maintain, store or manage computerized data with personal information.



Data Breach Notification

A Commonwealth resident whose personal information was or is reasonably believed to have been accessed and acquired by an unauthorized person must be provided notice without "unreasonable delay" following discovery of the breach.



Pension System Data Breaches

There have been two reported breaches (Reports that included the word “pension” or “retirement” in their announcement) in 2014

- **EMC (vendor that handles Data General Retirement Plan) 3/3/2014**
- **Mercer HR Services, LLC (Mercer) 5/7/2014**



Pension System Data Breaches

There also have been others , some small –



3/17/2014 (SYRACUSE) -- The President of the Retired Police Officers Association says it came as quite a scare to 300 retired Syracuse police officers when they received a letter from Syracuse City Hall on Friday advising that their personal data had been breached....

Pension System Data Breaches

And some BIG –



4/13/2011 - The Texas Comptroller's office on Wednesday started sending notification letters to residents whose names were inadvertently placed on an agency server that was open to the public.

...About 1.2 million records from the Teacher Retirement System of Texas (TRS) were placed on the server in January 2010,

Retirement Plan Guidance

The 2011 Advisory Council on Employee Welfare and Pension Benefit Plans' "Report on Privacy and Security Issues Affecting Employee Benefit Plans"



Investor Guidance

August 31, 2014 Closing Price for:

Home Depot - \$93.03

Lowe's - \$52.51

September 15, 2014 Closing Price for:

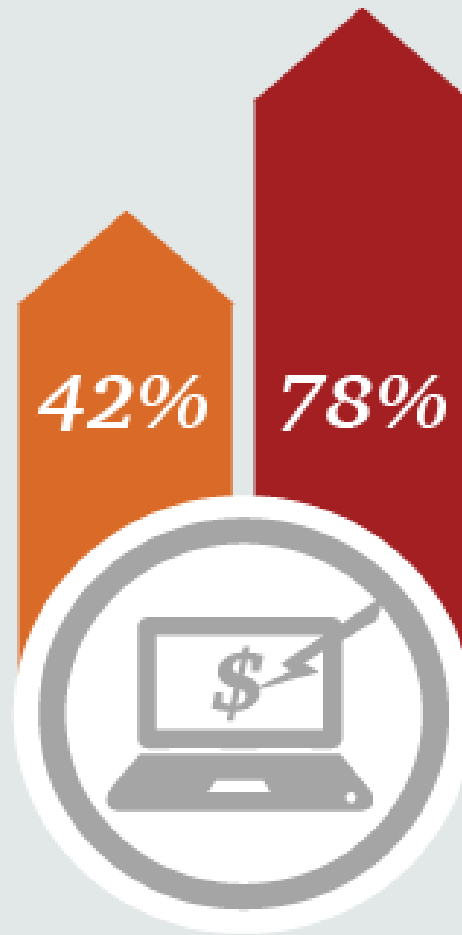
Home Depot - \$89.38  3.92%

Lowe's - \$53.13  1.18%



The number of successful cyberattacks— and the associated costs—are climbing

Between 2011 and 2012, US companies experienced a 42% increase in the number of cyberattacks per week.



In 2013, cybercrime cost the average US company \$11.6 million a year, a 78% increase from 2009.

Retirement Plan Guidance

“What investors need to know about cybersecurity: How to evaluate investment risks” *PwC and IRRC Institute*



PENNSYLVANIA ASSOCIATION OF PUBLIC EMPLOYEE RETIREMENT SYSTEMS

Costs to the Pension Fund

- **Reputational Impact**
- **Financial Impact**
- **Administrative Impact (Time & Money)**



Cost to Businesses



Safety Tips ... (Trite?)

- Use antivirus software
- Insert firewalls, pop up blockers
- Uninstall unnecessary software
- Maintain backup
- Check security settings
- Use secure connections
- Enforce the use strong passwords
- Use encryption
- Be prepared for the worst



Conclusion

The only computer data system which is truly secure is one which is switched off and unplugged.

The only way to be safe is pay attention and assess your risks and mitigate them accordingly.



Why Do I Need To Know This?

