



NEWS RELEASE

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Attorney General Jackley Joins Settlement with Nationwide Insurance over Data Breach

PIERRE, S.D. – Attorney General Marty Jackley announced today he has joined Attorneys General of 32 States, in reaching a settlement with the Nationwide Mutual Insurance Company and its subsidiary, Allied Property & Casualty Insurance Company (collectively “Nationwide”), concerning an October 2012 data breach. The data breach, which was alleged to have been caused by the failure to apply a critical security patch, resulted in the loss of personal information belonging to 1.27 million consumers, including their social security numbers, driver’s license numbers, credit scoring information, and other personal data. The breach affected 14,728 South Dakota consumers and resulting in an \$119,585.50 settlement share.

“Nationwide had the ability to protect consumers from this breach, but failed to do so,” said Jackley. “This lack of protection exposed consumers to identity theft and a direct target on their credit.”

The settlement requires Nationwide to take a number of steps to both generally update its security practices and to ensure the timely application of patches and other updates to its security software. Nationwide must also hire a technology officer responsible for monitoring and managing software and application security updates, including supervising employees responsible for evaluating and coordinating the maintenance, management, and application of all security patches and software and application security updates. Additionally, Nationwide agreed to take steps during the next three years to strengthen its security practices, including:

- Updating its procedures and policies relating to the maintenance and storage consumers’ personal data.
- Conducting regular inventories of the patches and updates applied to its systems used to maintain consumers’ personal information (“PII”).
- Maintaining and utilizing system tools to monitor the health and security of their systems used to maintain PII.
- Performing internal assessments of its patch management practices and hiring an outside, independent provider to perform an annual audit of its practices regarding the collection and maintenance of PII.

Many of the consumers whose data was lost as a result of the data breach were consumers who never became Nationwide's insureds, but the company retained their data in order to more easily provide the consumers re-quotes at a later date. The settlement requires Nationwide to be more transparent about its data collection practices by requiring it to disclose to consumers that it retains their PII even if they do not become its customers.

In addition to the injunctive terms, Nationwide agreed to make a payment of \$5.5 million to the Attorneys General. The settlement was joined by the Attorneys General of Alaska, Arizona, Arkansas, Connecticut, Florida, Hawaii, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Mississippi, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Texas, Vermont, Washington, and the District of Columbia.