

STATE OF CONNECTICUT
INSURANCE DEPARTMENT

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In the Matter of :
COLUMBIAN MUTUAL LIFE INSURANCE COMPANY : Docket No. MC 15-118
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STIPULATION AND CONSENT ORDER

WHEREAS, Columbian Mutual Life Insurance Company, (hereinafter referred to as "Columbian Mutual" or the "Respondent") is a life insurance company, incorporated under the laws of the State of New York with its principal business address at 4704 Vestal Parkway East, Binghamton, NY 13902;

WHEREAS, pursuant to Conn. Gen. Stat. §38a-16, the Insurance Commissioner has conducted an investigation of Columbian Mutual's conduct relating to the personal identifiable and other information it maintains of its Connecticut members;

WHEREAS, the Insurance Commissioner has determined that Columbian Mutual failed to exhibit an acceptable level of good management, as it is required for licensure as a life insurance company by Conn. Gen. Stat. §38a-41, when it sent by mail a flash drive containing a file that, although efforts were made to obscure the data, contained unencrypted personal information of 571 Connecticut members, resulting in the loss of policyholder and beneficiary names, addresses, Social Security numbers, and, in some circumstances, bank account numbers ("the Loss");

WHEREAS, the Loss occurred after the flash drive left the Columbian Mutual's facility in Binghamton and was discovered on or about March 18, 2015;

WHEREAS, the loss of the flash drive included information that impacted current and former policyholders and beneficiaries, clients whose information in some instances could have been collected 60 years or more ago;

WHEREAS, Columbian Mutual failed to maintain a Data Breach Policy detailing the company's response to the personal information data breach, as required by Department Bulletin IC-25, and failed to complete adequate data and physical security corrective measures and is now to do so by the Insurance Commissioner;

WHEREAS, the Insurance Commissioner has determined that Columbian Mutual violated Conn. Gen. Stat. §38a-8-124 through 38a-126, inclusive, of the Regulations of Connecticut State Agencies when it failed to employ proper measures to safeguard customer financial information;

WHEREAS, the Insurance Commissioner has determined that Columbian Mutual violated Conn. Gen. Stat. §42-471 when it failed to safeguard the personal information of its members from potential misuse by third parties;

WHEREAS, Columbian Mutual cooperated with the Insurance Commissioner's review of this matter;

WHEREAS, Columbian Mutual has identified and notified the Columbian Mutual members and their beneficiaries whose personal identifiable information and/or Social Security Number was on the lost flash drive;

WHEREAS, Columbian Mutual has undertaken steps to improve data and equipment security;

WHEREAS, it is understood and agreed that this Stipulation and Consent Order shall not be construed as having the effect of either limiting or expanding existing rights, if any, of third parties in connection with the Loss and with Columbian Mutual's activities alleged herein;

WHEREAS, this Stipulation and Consent Order has been entered into for purposes of settlement only and nothing contained in this Stipulation and Consent Order including, but not limited to, the payment of any monetary penalty and any recitation set forth herein, shall constitute an assumption of liability by Columbian Mutual or any of its past or present parents, affiliates or subsidiaries in connection with the Loss;

WHEREAS, for purposes of this administrative action, Columbian Mutual admits the allegations contained herein and, in order to avoid the expense and time-consuming process of formal administrative proceedings or future litigation, voluntarily waives:

1. any right to a hearing before the Commissioner;
2. any requirement that the Commissioner's decision contain a statement of findings of fact and conclusions of law; and
3. any and all rights to object to or challenge before the Commissioner or in any judicial proceeding involving the Commissioner any aspect, provision, or requirement of this Stipulation and Consent Order.

NOW THEREFORE, upon consent of the parties, it is hereby agreed and ordered that:

1. The Insurance Commissioner has jurisdiction over Columbian Mutual and the subject matter of this administrative proceeding.
2. Columbian Mutual, pursuant to Conn. Gen. Stat. §38a-2, is assessed a monetary penalty in the amount of \$5,000, payable to the Treasurer of the State of Connecticut upon execution of this Stipulation and Consent Order, to resolve any alleged violation of Conn. Gen. Stat. §§38a-41, 38a-478o, 42-471, or any other Connecticut law applicable to the Loss.
3. Columbian Mutual has made available to affected members residing in Connecticut the following remedies for a period of two (2) years from the date of enrollment of such Columbian Mutual member in the services: (a) credit monitoring services through ProtectMyID, which shall consist of single bureau credit monitoring through Experian and restoration services; (b) \$1,000,000 of Identity Theft insurance; and (c) fraud resolution services for any confirmed instances of identity theft that the resident or ProtectMyID identifies, and further, such resolution services will continue indefinitely after the membership ends through Experian's ExtendCare.
4. Within one hundred and twenty (120) days of the execution of this Stipulation and Consent Agreement, Columbian Mutual must file with the Insurance Commissioner a data and privacy breach risk assessment plan relating to the incident that resulted in the Loss, which plan shall

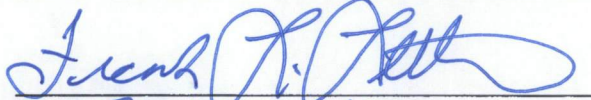
include a listing of all the corrective actions which have been taken and the corresponding governance to protect against future privacy and security incidents.

5. Columbian Mutual shall provide appropriate notice to the Insurance Department in the event that it discovers any future information security incidents as defined by Bulletin IC-25, issued by the Insurance Department on August 18, 2010.
6. This Stipulation and Consent Order shall not be construed as limiting the authority of the Insurance Commissioner to investigate and take appropriate action with regard to undisclosed or unknown matters relating to the subject matter of this Stipulation and Consent Order which may be subsequently identified.
7. This Stipulation and Consent Order shall not be construed as (a) limiting or curtailing the authority of any other government agency to investigate or take action in relation to the matters set forth in this Stipulation and Consent Order; or (b) serve as a release with respect to any other government agency actions.

Consented and agreed to this 16th day of September, 2015.

COLUMBIAN MUTUAL LIFE INSURANCE COMPANY

BY:



Name: Frank L. Letter

Title: SVP, General Counsel + Secretary

CERTIFICATION

The undersigned deposes and says that he/she has duly executed this Stipulation and Consent Order on this 16th day of September 2015 for and on behalf of Columbian Mutual Life Insurance Company that he/she is the SVP, General Counsel of such company, and he/she has authority to execute and file such instrument. Booth

BY: [Signature]

State of

County of

Personally appeared on this 16th day of September 2015, Frank L. Lettera signer and sealer of the foregoing Stipulation and Consent Order, acknowledged same to be his/her free act and deed before me.

[Signature]
Notary Public/Commissioner of the Superior Court

DEBRA A. COLÓN
Notary Public, State of New York
Reg. No. 01CO15036987
Qualified in Broome County
Commission Expires December 12, 2018

Section Below To Be Completed by State of Connecticut Insurance Department

Dated at Hartford, Connecticut this 21 day of September 2015.

[Signature]

Katharine L. Wade
Insurance Commissioner