Dept. of Justice: AG Kaul announces $39.5 million multistate settlement over 2014 Anthem data breach; 1.7 million Wisconsin consumers affected

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MADISON, Wis. – Attorney General Josh Kaul today announced that 43 states, including Wisconsin, have reached a $39.5 million settlement with Anthem stemming from the massive 2014 data breach that involved the personal information of 78.8 million Americans. Through the settlement, Anthem has reached a resolution with the 43-state multistate coalition and California. Wisconsin will receive $141,970 from the settlement. In addition to the payment, Anthem has also agreed to a series of data security and good governance provisions designed to strengthen its practices going forward.

“Data breaches can cause long-term harm to consumers. Corporations that collect people’s personal information must carefully safeguard it,“ said Attorney General Kaul.

In February 2015, Anthem disclosed that cyber attackers had infiltrated its systems beginning in February 2014, using malware installed through a phishing email. The attackers were ultimately able to gain access to Anthem’s data warehouse, where they harvested names, dates of birth, Social Security numbers, healthcare identification numbers, home addresses, email addresses, phone numbers, and employment information for 78.8 million Americans. In Wisconsin, 1,744,732 residents were affected by the breach.

Under the settlement, Anthem has agreed to a series of provisions designed to strengthen its security practices going forward. Those include:

• a prohibition against misrepresentations regarding the extent to which Anthem protects the privacy and security of personal information;

• implementation of a comprehensive information security program, incorporating principles of zero trust architecture, and including regular security reporting to the Board of Directors and prompt notice of significant security events to the CEO;

• specific security requirements with respect to segmentation, logging and monitoring, anti-virus maintenance, access controls and two factor authentication, encryption, risk assessments, penetration testing, and employee training, among other requirements; and

• third-party security assessments and audits for three (3) years, as well as a requirement that Anthem make its risk assessments available to a third-party assessor during that term.

In the immediate wake of the breach, Anthem offered an initial two years of credit monitoring to all affected U.S. individuals.

In addition to this settlement, Anthem previously entered into a class action settlement that established a $115 million settlement fund to pay for additional credit monitoring, cash payments of up to $50, and reimbursement for out-of-pocket losses for affected consumers. The deadlines for consumers to submit claims under that settlement have since passed.

The Connecticut Office of the Attorney General led the multistate investigation, assisted by the attorneys general of Illinois, Indiana, Kentucky, Massachusetts, Missouri, and New York, and joined by the Attorneys General of Alaska, Arizona, Arkansas, Colorado, the District of Columbia, Delaware, Florida, Georgia, Hawaii, Idaho, Iowa, Kansas, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Nebraska, New Hampshire, New Jersey, Nevada, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Virginia, Washington, West Virginia, and Wisconsin.

This resolution does not relate to a civil action filed by the State of Wisconsin. The requirements of 2017 Wis. Act 369 do not apply.