

**North Carolina Security Breach Reporting Form  
Pursuant to the Identity Theft Protection Act of 2005**

Name of Business Owning or Licensing Information Affected by the Breach: National Financial Partners Corp. ("NFP")  
Address: 787 Seventh Avenue  
New York, NY 10019  
Telephone: (212) 301-4000  
Fax: (212) 301-4001  
Email: \_\_\_\_\_

**PLEASE SUBMIT FORM TO:**  
Consumer Protection Division  
NC Attorney General's Office  
9001 Mail Service Center  
Raleigh, NC 27699-9001  
Telephone: (919) 716-6000  
Toll Free in NC: (877) 566-7226  
FAX: (919) 716-6050

Date Security Breach Reporting Form submitted: October 30, 2006  
Date the Security Breach was discovered: August 17, 2006  
Estimated number of affected individuals: 4,327  
Estimated number of NC residents affected: 102

Name of business maintaining or possessing information that was the subject of the Security Breach, if the business that experienced the Security Breach is not the same entity as the business reporting the Security Breach (pursuant to N.C.G.S. § 75-65(b)): N/A

Describe the circumstances surrounding the Security Breach and state whether the information breached was in electronic or paper format: NFP's payroll manager possessed, without authority, personal information relating to former and current employees in electronic format.

Regarding electronic information breached, state whether the information breached or potentially breached was password protected or encrypted in some manner. Yes If so, please describe the security measures protecting the information: The laptop computer which contained the information was password protected, although the former employee possessed the password.

Describe any measures taken to prevent a similar Security Breach from occurring in the future: NFP has implemented additional segregation of duties and controls. NFP has also revised its Information Technology Policy and Procedures relating to laptop security.

Date affected NC residents were/will be notified: September 27, 2006

If there has been any delay in notifying affected NC residents, describe the circumstances surrounding the delay pursuant to N.C.G.S. § 75-65(a) and (c): \_\_\_\_\_

If the delay was pursuant to a request from law enforcement pursuant to N.C.G.S. § 75-65(c), please include the written request or the contemporaneous memorandum.

How NC residents were/will be notified? (pursuant to N.C.G.S. § 75-65(e))  
 written notice  
 electronic notice (email)  
 telephone notice  
 substitute notice

Please attach copy of the notice if in written form or a copy of any scripted notice if in telephonic form.

Signature: [Signature] Date: October 30, 2006  
Contact Person, Title: Timothy M. Robb, Vice President & Senior Counsel  
Address: 787 Seventh Avenue, New York, NY 10019  
(if different from above)  
Telephone: (212) 301-1007 Fax: (212) 301-1107 Email: TROBB@NFP.COM





NATIONAL FINANCIAL PARTNERS  
PO Box 37420 | Oak Park, MI 48237

**Urgent Message From National Financial Partners Corp. Please Open Immediately.**

<<NAME>>  
<<ADDRESS 1>>  
<<ADDRESS 2>>  
<<CITY, STATE ZIP>>  
  
<<POSTNET CODE>>

Dear <<NAME>>,

We recently discovered that a former manager in our New York payroll department possessed, without authority, personal information of current and former company employees, and certain principals of NFP. The information included Social Security numbers, addresses and birth dates. While there is no indication at this time that any of this personal information has been misused, we are taking every precaution and want to inform you that your information was among those records. The individual involved in this matter was terminated in August.

Among the immediate steps we are taking to guard against potential problems this incident could cause is to offer services to you free of charge to help secure the privacy of your personal information. We are also reviewing and strengthening the procedures already in place to safeguard against a breach of data security in the future.

We have engaged Kroll Inc., the world's leading risk consulting company, to provide you with access to its ID TheftSmart™ service, which includes Enhanced Identity Theft Restoration, a Trimerged Credit Report, and Continuous Credit Monitoring at no cost to you.

ID TheftSmart is one of the most comprehensive programs available to help protect your name and credit against identity theft. We urge you to take the time to read the enclosed information about the safeguards now available to you.

If you have questions or feel you may have an identity theft issue, please call ID TheftSmart member services at 1-800-588-9839 between 9:00 a.m. and 6:00 p.m. (Eastern Time), Monday through Friday.

Sincerely,

Emily Arean

Senior Vice President and Director of Human Resources  
National Financial Partners Corp.



**MEMBER: MR. JOHN Q. SAMPLE**  
**MEMBERSHIP ID#: 000000000**

Member Services: 1-800-588-9839  
9:00 a.m. to 6:00 p.m. (Central Time), Monday through Friday  
If you have questions or feel you may have an identity theft issue please call ID TheftSmart™ member services



**MEMBER: MR. JOHN Q. SAMPLE**  
**MEMBERSHIP ID#: 000000000**

Member Services: 1-800-588-9839  
9:00 a.m. to 6:00 p.m. (Central Time), Monday through Friday  
If you have questions or feel you may have an identity theft issue please call ID TheftSmart™ member services

*PS: Your ID TheftSmart™ credit monitoring service cannot be provided without your authorization. You must complete and return the enclosed authorization form to get it started.*

## Frequently Asked

- Q.** What is identity theft?  
**A.** Identity theft is a crime that occurs when someone steals your personal information and uses it to obtain false credit. It often begins with the theft of a Social Security number, credit card number, debit card or phone card.
- Q.** Where does an identity thief get this personal information?  
**A.** Identity thieves steal information from a variety of places. They take it from stolen wallets or purses that contain credit and bank cards. Or they help themselves to bank and credit card statements, credit card offers and tax information that's in your own mailbox or trash can. They may even file a "change of address form" in your name and have all your mail sent to another location. Some thieves fraudulently obtain a credit report in your name. Others access personal information you share on the Internet.

- Q.** How do they use the personal information they steal?  
**A.** It's common for an identity thief to call your credit card company and ask that the mailing address on your credit card be changed. They run up charges on your account ... and then have the bill sent to another address. Other thieves open new credit card or bank accounts using your name, date of birth and Social Security Number. So when the bills aren't paid or the checks bounce, it's reported on your credit report. Still other thieves use your name and credit to take out loans for which creditors think you're responsible.

- Q.** What should I do if I am a victim of identity theft?  
**A.** As a member, all you have to do is make one phone call to the Toll-Free number shown on the enclosed letter. One of the professionals on our staff will provide you with step-by-step assistance.

## Your ID TheftSmart Benefits

### Comprehensive Fraud Restoration

*Let the experts do the work for you*

Licensed Investigators who truly understand the problems surrounding identity theft will help restore your name and credit for you. We will do most of the work!

### Continuous Credit Monitoring

*Early detection is key*

Monitoring your credit is one of the best ways to help spot identity theft early. You can have your credit file continually monitored for specific activity in your Experian credit file that may alert you to fraud.

### Trimerged Credit Report

*Is your credit file accurate?*

Members are entitled to an up-to-date credit report using data merged from all three credit repositories. If you spot anything unusual that you think may be fraud, call our licensed investigators.

**If you have questions or feel that you have become a victim of identity theft call the toll-free number shown on the enclosed letter.**

**Our Licensed Investigators are ready to help you.**

#### Restoration Service Exclusions

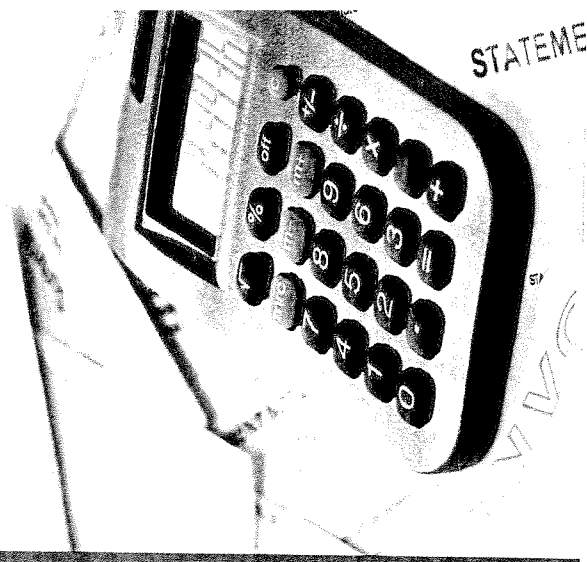
**Family Member.** Any Stolen Identity Event of which a spouse or child participated in, directed or had prior knowledge.

**Dishonest Acts.** Any dishonest, criminal malicious or fraudulent acts if the Member(s) that suffered the fraud personally participated in, directed or had knowledge of such acts.

**Financial Loss.** Membership Services do not cover any financial losses attributed to the Stolen Identity Event, including but not limited to, money stolen from a wallet, unauthorized purchases of retail goods or services online, by phone, mail or direct.

# ID TheftSmart™

## Your Guide to Membership Benefits



# 8 Simple Steps You Can Take to Reduce Your Exposure to Identity Theft

## Tips

There's no foolproof way to avoid having your identity stolen. But there are a number of precautions you can take to minimize your odds of being a victim. Here are a few of them:

**1 Monitor your credit report.**

Many consumers don't even realize their identity has been stolen until they are denied credit, due to information provided on their credit reports.

**2 Don't give out personal information indiscriminately.**

Before you give any personal information by mail, Internet or telephone, confirm you are dealing with a legitimate organization.

**3 Be careful with your mail.**

Don't use an unsecured mailbox when mailing anything that contains financial information. Mail sensitive materials from a post office collection box or your local post office. Remove mail from your own mailbox promptly. And, if you're planning to be away from home, be sure to put a hold on your mail until you return.

**4 Guard your trash.**

Identity thieves have been known to gather personal information from trash. Before throwing them away, be sure to tear or shred your charge receipts, copies of credit applications, insurance forms, bank statements, and the credit card offers you get in the mail.

**5 Only give your Social Security Number when absolutely necessary.**

Your employer and financial institution need your Social Security Number for wage and tax reporting. It's necessary whenever a credit check is required. But some businesses request your social security number for general record keeping purposes. Before giving out your number, be sure to ask why it's needed ... and how it's used.

**6 Pay attention to billing cycles.**

If your bills don't arrive on time, follow up with creditors. A missing statement could mean an identity thief has taken over your account and changed your billing address.

**7 Exercise caution online.**

Before making any purchase via your computer, look for the icon of a lock in the lower right-hand corner of your browser window. If it's there, you're dealing with a secure site. If not, you'll be safer finding another merchant.

**8 Remove personal information from old computers.**

If you delete sensitive files by using your keyboard or mouse, the files may remain on your computer's hard drive where they can be easily retrieved. To make sure your files are unrecoverable, use a "wipe" utility program to overwrite the entire hard drive.

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# Privacy Policy

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## General

Kroll Background America, Inc. ("KBA") respects your concerns regarding maintaining the privacy of your personal data that is submitted to us. This Privacy Policy covers all the information practices of KBA and describes the principles KBA will follow with regard to all information submitted to KBA in connection with the services we provide. These principles will be implemented by all KBA personnel regardless of their location. All data shall be collected, stored and used in compliance with the Fair Credit Reporting Act ("FCRA") and other state and federal applicable law. This Privacy Policy applies only to KBA and does not apply to data collected by Kroll, Inc., or by any of the subsidiaries of Kroll, Inc. other than KBA.

## KBA Is Committed to Protecting your Personal Information

KBA acknowledges both the duty of trust and care in maintaining the privacy of your personal information which we collect and store and our legal obligations as a consumer reporting agency.

- Application Information
- Information From Outside Sources
- Consumer Report Information

## Use and Transfer of Information

KBA is provided with personal information in connection with preparing a report for you. In connection with our providing these services, KBA may, in some instances, employ other companies and individuals, as our subcontractors, to perform functions on our behalf. All such contractors are contractually obligated to use and maintain the confidentiality of personal information in a manner consistent with this Privacy Policy. These companies may not share any such information with any third party. Except as described in this Privacy Policy, we will not use or otherwise disclose any of the personal data that you provide or that we collect from third parties or other sources.

## Confidentiality

KBA will use our best efforts to insure that no unauthorized parties have access to any of your information. We will never sell or provide your personal data to a third party, except as stated in this Privacy Policy, without your express consent. We may, however, disclose personal data in response to a court order or other legal obligation.

## Accuracy

KBA makes every effort to ensure that the data we receive, collect, and store about you is as accurate as possible. However, KBA does not vouch for, and is not responsible for, incomplete, inaccurate or not current data about you that may be supplied to KBA by a third-party source.

## Access

You have the right to access any reports KBA produces and maintains about you. You may contact KBA by utilizing the contact information at the end of this Privacy Policy, at any time to determine whether we hold any personal information about you and to obtain access to that information. We will only afford you access to your data upon proof of identification that you are the individual who is entitled to request access. We will mail a copy of such information within 7 days as mandated by the FCRA.

## Security

Protecting your confidential information is our business; therefore, KBA takes all appropriate measures to assure the security of your personal data. KBA uses advanced encryption technology – 128-bit Secure Socket Layer (SSL) - to keep personal information and data secure from unauthorized access. All data is stored on our servers in a secure, encrypted manner. Access to those servers is strictly limited to network administrators and other authorized personnel of KBA, who have been trained to protect against loss, misuse, unauthorized access, disclosure, alteration or destruction of personal data under KBA's control. We take pride in our technology and our security policies.

KBA is a member of the Better Business Bureau and the Better Business Bureau Online Privacy Seal Program. The Better Business Bureau is available for resolving disputes between you and KBA. To file a complaint with respect to the privacy practices of KBA, you may visit the Better Business Bureau web site at [www.bbbonline.com](http://www.bbbonline.com)

The logo for Kroll, featuring the word "Kroll" in a bold, italicized, sans-serif font.

COMPLETE TODAY RETURN IN THE POSTAGE PAID ENVELOPE PROVIDED

## Consumer Report and Monitoring Authorization Form

I authorize First American Credco, provider of the credit report and credit file monitoring for ID TheftSmart™, to obtain my consumer report/credit information from one or more of the three national credit repositories (Equifax, Experian, Trans Union)

Sample A. Sample

Signature \_\_\_\_\_

Date:

m m d d y y y y

123 4567 8901 2345

Social Security #:

Date of Birth:

m m d d y y y y

Telephone #:

E-Mail Address: \_\_\_\_\_

(for monitoring alerts)

Printed Name: \_\_\_\_\_

First Middle Initial Last

ILLINOIS RESIDENTS: CREDIT REPORTING AGENCIES ARE REQUIRED BY LAW TO GIVE YOU A COPY OF YOUR CREDIT RECORD UPON REQUEST AT NO CHARGE OR FOR A NOMINAL FEE. CONSUMERS RESIDING IN THE STATES OF COLORADO, MASSACHUSETTS, MARYLAND, NEW JERSEY AND VERMONT MAY RECEIVE A FREE COPY OF THEIR CONSUMER CREDIT REPORT ONCE PER YEAR, AND RESIDENTS OF THE STATE OF GEORGIA MAY RECEIVE TWO COPIES PER YEAR.

# Kroll



NATIONAL  
FINANCIAL  
PARTNERS

Timothy M. Robb  
Vice President  
Senior Counsel

NOV - 1 2006

787 Seventh Avenue  
11th Floor  
New York, NY 10019  
phone 212.301.1007  
fax 212.301.1107  
trobb@nfp.com

October 30, 2006

VIA FEDERAL EXPRESS

Kim D'Arruda  
Assistant Attorney General  
Consumer Protection/Antitrust Division  
State of North Carolina  
Department of Justice  
9001 Mail Service Center  
Raleigh, NC 27699-9001

Dear Ms. D'Arruda:

Further to your letter to Douglas W. Hammond, dated October 4, 2006, attached please find the completed *North Carolina Breach Reporting Form* relating to National Financial Partners Corp.'s recent data security breach.

Please contact me at (212) 301-1007 if I can be of any further assistance.

Sincerely,



Timothy M. Robb

TMR/tbd  
Enclosure