

**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: Blue Cross and Blue Shield of North Carolina
Address: P. O. Box 2291
Durham, NC 27702-2291
Telephone: 919.489.7431
Fax: See contact information below
Email: See Contact information below

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 I NC: (877) 566-7226
FAX: (919) 716-6050

Date Security Breach Reporting Form submitted: August 7, 2007

Date the Security Breach was discovered: July 31, 2007

Estimated number of affected individuals: 2,940 (1,424 residents of North Carolina)

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)): _____

Describe the circumstances surrounding the Security Breach and state whether the information breached was in electronic or paper format: Letters mailed to BCBSNC subscribers inadvertently contained the subscriber's Social Security number, with some numbers visible through the window mailing envelope due to the placement of the letter in the envelope.

Regarding electronic information breached, state whether the information breached or potentially breached was password protected or encrypted in some manner: Not applicable. If so, please describe the security measures protecting the information: _____

Describe any measures taken to prevent a similar Security Breach from occurring in the future:

- 1. BCBSNC will implement a more rigorous pre-mailing review process
- 2. BCBSNC will reinforce privacy and security awareness training for its workforce.

Date affected NC residents were/will be notified: BCBSNC will begin mailing notices on August 7, 2007.
BCBSNC has no reason to believe that this incident rises to the level of a security breach, as we do not contemplate that any material risk of harm is likely to occur as a result of this incident. However, in an abundance of caution, BCBSNC will notify all affected individuals and provide one year of free credit-monitoring services.

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): No delay has occurred or is expected.

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))

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

- written notice
- electronic notice (email)
- telephone notice
- substitute notice

Signature: *Jacquelyn Chapman-Pointer*
Contact Person, Title: Jacquelyn Chapman-Pointer, Privacy Official
Address: _____

Date: August 7, 2007

(if different from above) _____

Telephone: 919.765.7333

Fax: 919.765.4474

Email: Jackie.chapman-pointer@bcbsnc.com



**BlueCross BlueShield
of North Carolina**

Date

Member Name
Member Address
Member Address

Dear _____:

You may have recently received a letter from Blue Cross and Blue Shield of North Carolina (BCBSNC) inquiring about Medicare coverage for you, your spouse or a dependent age 65 or over. Unfortunately, as a result of an error on our part, the letter contained your Social Security number, which may have been partially visible through the window envelope due to the placement of the number on the letter. Your Social Security number was included on the letter in error instead of your BCBSNC identification number.

The purpose of the request was to ensure that our records have the most accurate information on file regarding you or your dependent's Medicare coverage. We want to make sure that when BCBSNC pays a claim on your behalf, that the claim payment follows the correct order of benefit determination.

BCBSNC regrets this error and the inadvertent disclosure of this personal information. While we have no reason to believe that your information has been used improperly, BCBSNC has arranged to provide you with credit monitoring services for one year, at no cost to you. Enclosed with this letter is an information sheet with details about the credit monitoring services through Equifax Personal Solutions. Please read this material carefully so that you understand how to activate the credit watch and take full advantage of the benefits available through this service. You must enroll no later than November 30, 2007 in order to take advantage of this service. The service will remain in effect for one year after you enroll.

In addition to the credit watch service, we have taken steps internally to ensure that similar situations do not occur in the future, including a more rigorous pre-mailing review process.

We want to assure you that BCBSNC takes seriously its commitment to protect the confidentiality of your information and to provide quality services to our members. If you have any questions or concerns about this matter, please call the toll-free number on your BCBSNC identification card.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jacquelyn K. Boyden".

Jacquelyn K. Boyden
Vice President

Enclosure: Equifax Personal Solutions Information Sheet

PLEASE READ THIS INFORMATION CAREFULLY TO ACTIVATE YOUR CREDIT WATCH THROUGH EQUIFAX PERSONAL SOLUTIONS.

BCBSNC has arranged with Equifax Personal Solutions to help you protect your identity and your credit information at no cost to you. The steps to follow are:

1. Enroll in Equifax Credit Watch™ Gold with 3-in-1 Monitoring identity theft protection service. This product is being provided to you at no cost.
2. Additionally, you may choose to adopt an increased level of protection by placing a fraud alert on your credit file at Equifax and the other two credit reporting agencies

Enroll in Equifax Credit Watch™ Gold with 3-in-1 Monitoring

Equifax Credit Watch will provide you with an "early warning system" to changes to your credit file and help you to understand the content of your credit file at the three major credit reporting agencies. The key features and benefits are listed below.

Equifax Credit Watch provides you with a 1-year membership service:

- o Comprehensive credit file monitoring of your Equifax, Experian, and TransUnion credit reports with daily notification of key changes to your credit files from any of the three agencies.
- o Wireless alerts and customizable alerts available
- o One 3-in-1 Credit Report and unlimited access to your Equifax Credit Report™
- o \$20,000 in identity theft insurance with \$0 deductible, at no additional cost to you †
- o 24 by 7 live agent Customer Service to assist you in understanding the content of your Equifax credit information, to provide personalized identity theft victim assistance and in initiating an investigation of inaccurate information.

How to Enroll

Equifax has a simple Internet-based verification and enrollment process.

Visit: www.myservices.equifax.com/tri

1. **Consumer Information:** complete the form with your contact information (name, address and e-mail address) and click "Continue" button. The information is provided in a secured environment.
2. **Identity Verification:** complete the form with your Social Security Number, date of birth, telephone #s, create a User Name and Password, agree to the Terms of Use and click "Continue" button. The system will ask you up to two security questions to verify your identity.
3. **Payment Information:** During the "check out" process, provide the following promotional code: <XXXXXX> in the "Enter Promotion Code" box. (no spaces, include dash.) After entering your code press the "Apply Code" button and then the "Submit Order" button at the bottom of the page. (This code eliminates the need to provide a credit card number for payment.)
4. **Order Confirmation:** – Click "View My Product" to access your 3-in-1 Credit Report and other product features.

To sign up for US Mail delivery of the product, dial 1-866-937-8432 for access to the Equifax Credit Watch automated enrollment process. Note that all credit reports and alerts will be sent to you via US Mail only.

1. **Promotion Code:** You will be asked to enter your promotion code as shown above (no spaces, no dash)
2. **Customer Information:** You will be asked to enter your home telephone number, home address, name, date of birth and Social Security Number.
3. **Permissible Purpose:** You will be asked to provide Equifax with your permission to access your credit file and to monitor your file. Without your agreement, Equifax cannot process your enrollment.
4. **Order Confirmation:** Equifax will provide a confirmation number with an explanation that you will receive your Fulfillment Kit via the US Mail (when Equifax is able to verify your identity) or a Customer Care letter with further instructions (if your identity can not be verified using the information provided).

Directions for placing a Fraud Alert

A fraud alert is a consumer statement added to your credit report. This statement alerts creditors of possible fraudulent activity within your report as well as requests that they contact you prior to establishing any accounts in your name. Once the fraud alert is added to your credit report, all creditors should contact you prior to establishing any account in your name. To place a fraud alert on your Equifax credit file, you may contact our auto fraud line at 1-877-478-7625, and follow the simple prompts. Once the fraud alert has been placed with Equifax, a notification will be sent to the other two credit reporting agencies, Experian and Trans Union, on your behalf.

† Identity Fraud Expense Reimbursement Master Policy underwritten by Travelers Casualty and Surety Company of America and its property casualty affiliates, Hartford, CT 06183. Coverage for all claims or losses depends on actual policy provisions. Availability of coverage can depend on our underwriting qualifications and state regulations. Coverage not available for residents of New York. Equifax's credit monitoring products are protected by US Patent 7,028,052