

# EDWARDS ANGELL PALMER & DODGE LLP

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July 16, 2010

**VIA FEDERAL EXPRESS  
AND ELECTRONIC MAIL**

Attorney General Douglas F. Gansler  
Maryland Office of the Attorney General  
200 St. Paul Place  
Baltimore, MD 21202

Attention: Mr. Hugh Williams

Re: The Lincoln National Life Insurance Company  
Lincoln Life & Annuity of New York

**Notification pursuant to Md. Code Com. Law § 14-3504**

Dear Attorney General Gansler:

On behalf of our clients, The Lincoln National Life Insurance Company and Lincoln Life & Annuity of New York, (collectively referred to as the "Company"), we hereby notify you of the discovery of an incident that potentially exposed certain personal information (identified below) to unauthorized access. This incident involved approximately 26,840 individuals, of whom 552 are Maryland residents. It is important to note that an investigation conducted by the Company's Information Technology and Security teams, as well as an outside forensic consultant, which was completed on June 11, 2010, revealed no evidence or reason to believe that customer information has been accessed or acquired by an unauthorized person, and the Company has taken several immediate and important steps to eliminate the potential of unauthorized access to personal information.

The Company engages a third party vendor to obtain medical and other information authorized by a potential insured seeking to obtain life insurance. The third party vendor maintains this information on a secure website that can be accessed by authorized Company employees and agents through a username and password for the purpose of underwriting insurance. The vendor's secure website for any such individual may include the individual's name, address, policy number, Social Security number, driver's license number, credit or medical information.

**Learning about the Incident.** On February 26, 2010, the Company was notified by the vendor that it had discovered that a username and password, which was designated for use by authorized Company employees, was contained in a brochure printed and distributed by the Company for

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“agent or broker use only.” Although this brochure was not intended for use by the public, the vendor discovered that it had been displayed on a Company agent’s public website.

Upon discovery of the publication of the username and password, the Company disabled the published username and password and removed the log-on credentials from the “agent and broker use only” brochure. A new brochure without the username and password was distributed to the Company’s agents and brokers. The Company also confirmed that the image of the brochure was removed from the agent’s website.

**Investigating the Incident.** Upon discovery of this issue, the Company took a number of actions to investigate the incident and to protect the personal information of the affected individuals. The Company determined that the username and password were included in the brochure as of December 2008. The investigation revealed that the brochure was also posted on the websites of three other agents of the Company. The Company has no reason to believe that the hard copies of the brochure were distributed to anyone other than Company agents, who are bound by confidentiality obligations.

The Company’s Information Technology and Security teams conducted an investigation into the incident and engaged the services of an outside forensic consultant, Mandiant, to determine which files may have been accessed and who accessed the files utilizing the username and password. The forensic investigation could not determine whether any access using the shared usernames and passwords was unauthorized. There is, however, no evidence to support a conclusive determination that no such unauthorized access occurred.

To date, the Company has no evidence or reason to believe that personal information of the affected individuals was subjected to unauthorized access or acquisition. The Company is unaware of any reported instance of identify theft or fraud related to this incident.

**Remedial Measures.** The Company has taken several important steps to protect personal information of its customers, applicants and others, and to prevent this type of incident from occurring in the future, including the following:

- (1) The username and password were disabled, and the Company has heightened enforcement of the existing Company policy that prohibits the sharing of usernames and passwords;
- (2) After a search of the Internet, the brochure was removed from the limited number of agent websites where it was posted;
- (3) The brochure was immediately modified to remove the username and password; and

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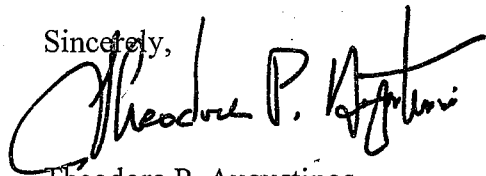
- (4) Affected individuals will receive notification in the form enclosed as Exhibit A, by first class mail on or about July 20, 2010, and the offer of free credit monitoring.

The notice to potentially affected individuals will alert them of the vulnerability to their information and enable them to take immediate steps to protect themselves against possible identify theft or other monetary damage.

The notification will also describe the various services the Company has made available free of charge to affected individuals through Kroll, Inc. The Company engaged Kroll to provide affected individuals toll-free access to its Customer Solutions Center, along with free credit monitoring services and identify theft consultation and restoration services. The enrolled individual's credit file will be monitored for critical changes, including address changes, inquiries, new trade-lines, derogatory notices and appearances of certain public records. Individuals will be informed of such changes by either postal or electronic mail. If a person suspects or discovers fraudulent activity, Kroll, as part of the identify theft restoration services, will assist the person with restoring their identity.

We trust that this letter and its enclosures provide you with all the information required to assess this matter. Please let us know if you have any additional question or if we may be of further assistance.

Sincerely,



Theodore P. Augustinos

TPA/lmt

Enclosure

cc: Robert E. Scheppegrell  
Vice President  
The Lincoln National Life Insurance Company  
Lincoln Life & Annuity Company of New York

Christine S. Frederick  
Vice President and Associate General Counsel  
Lincoln Financial Group



<<FirstName>> <<MiddleName>> <<LastName>>  
<<Address1>>  
<<Address2>>  
<<City>>, <<StateProvince>> <<PostalCode>>  
<POSTNET BARCODE>

<<Date>>(Format: Month Day, Year)

Dear <<FirstName>> <<MiddleName>> <<LastName>>,

You may be a current or former policyholder of, or someone who submitted information in connection with a life insurance application to, The Lincoln National Life Insurance Company or Lincoln Life and Annuity Company of New York (together referred to as "Lincoln").

Safeguarding the privacy of information of our customers and applicants is a top priority at Lincoln. We are committed to protecting your information and recognize your need to know should it ever be compromised.

The purpose of this letter is to inform you that Lincoln recently discovered that a secure website used by Lincoln to evaluate applications for insurance, which may have contained information including your name, Social Security number and health information, was potentially vulnerable to unauthorized access. We have no evidence or reason to believe that your information has been accessed or acquired by an unauthorized person. We are notifying you out of an abundance of caution to make you aware of the circumstances and to inform you of the steps that Lincoln has taken to rectify the situation.

It is important to note that we have no indication that this vulnerability has resulted in the unauthorized access to or acquisition of your information. We have engaged outside forensic consultants, who conducted an in-depth investigation of the vulnerability related to the website. We have also taken specific actions to improve our data security in response to this incident and are continually strengthening our computer security policies and procedures across all of our information technology platforms.

Because securing your personal information is so important to us, and as a precautionary measure to help safeguard you against any possible misuse of your information, we have also engaged Kroll Inc. to provide its ID TheftSmart™ service. Kroll's service, offered at no cost to you for one year, includes Continuous Credit Monitoring and Enhanced Identity Theft Consultation and Restoration. Information about this service, and how you may take advantage of it at our expense, is enclosed. In order to expedite delivery, this packet was prepared and mailed on behalf of Lincoln, from Kroll's secure print facility in Georgia.

Please note that to be eligible for the credit monitoring service, you need to be over the age of 18 with credit established in the U.S., have a Social Security number issued in your name, and have a U.S. residential address associated with your credit file.

To receive online credit services, please visit [www.idintegrity.com](http://www.idintegrity.com) to complete your authorization. If you would prefer to order and receive your credit services through the mail, please fill out and return the enclosed *Consumer Credit Report and Credit Monitoring Authorization Form*. Note, however, that if you fill out and return the authorization form to receive credit services through the mail, you cannot sign up online.

Kroll's ID TheftSmart is one of the most comprehensive programs available to help protect against identity theft. We encourage you to take the time to review the safeguards made available to you. As always, we recommend that you review your statements and credit reports regularly.

If you have any questions about the incident, would like to speak with someone to clarify or discuss the contents of this letter, or believe you may have an identity theft issue related to this incident, call 1-866-XXX-XXXX, 9:00 a.m. to 6:00 p.m. (Eastern Time), Monday through Friday. If you have any other questions, you may call Lincoln at 1-800-458-5299 ext. 4550.

We take our obligation to protect client information seriously, and deeply regret any inconvenience or concern that this incident may cause. Again, we have no evidence or reason to believe that your personal information has been accessed or acquired by any unauthorized person. We remain committed to maintaining your privacy and to making the protection of your information a key priority.

Sincerely,



Robert E. Scheppegrill  
Vice President

**ID TheftSmart™**

<<FirstName>> <<MiddleName>> <<LastName>>  
Membership Number: <<MembershipNumber>>

Member Services: 1-866-XXX-XXXX  
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.

## U.S. State Notification Requirements

### For residents of Hawaii, Iowa, Maryland, Michigan, Missouri, North Carolina, Oregon, Vermont, Virginia, West Virginia, and Wyoming:

It is required by state laws to inform you that you may obtain a copy of your credit report, free of charge, whether or not you suspect any unauthorized activity on your account. It is recommended by state law that you remain vigilant for incidents of fraud and identity theft by reviewing credit card account statements and monitoring your credit report for unauthorized activity. You may obtain a free copy of your credit report by contacting any one or more of the following national consumer reporting agencies:

#### **Equifax**

P.O. Box 740241  
Atlanta, Georgia 30374  
1-800-685-1111  
[www.equifax.com](http://www.equifax.com)

#### **Experian**

P.O. Box 2002  
Allen, TX 75013  
1-888-397-3742  
[www.experian.com](http://www.experian.com)

#### **TransUnion**

P.O. Box 2000  
Chester, PA 19022  
1-800-888-4213  
[www.transunion.com](http://www.transunion.com)

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### For residents of Iowa:

State law advises you to report any suspected identity theft to law enforcement or to the Attorney General.

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### For residents of Oregon:

State laws advise you to report any suspected identity theft to law enforcement, as well as the Federal Trade Commission.

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### For residents of Maryland and North Carolina:

You can obtain information from the Maryland and North Carolina Offices of the Attorneys General and the Federal Trade Commission about steps you can take to avoid identity theft.

#### **Maryland Office of the Attorney General**

Consumer Protection Division  
200 St. Paul Place  
Baltimore, MD 21202  
1-888-743-0023  
[www.oag.state.md.us](http://www.oag.state.md.us)

#### **North Carolina Office of the Attorney General**

Consumer Protection Division  
9001 Mail Service Center  
Raleigh, NC 27699-9001  
1-877-566-7226  
[www.ncdoj.com](http://www.ncdoj.com)

#### **Federal Trade Commission**

Consumer Response Center  
600 Pennsylvania Avenue, NW  
Washington, DC 20580  
1-877-IDTHEFT (438-4338)  
[www.ftc.gov/bcp/edu/microsites/idtheft/](http://www.ftc.gov/bcp/edu/microsites/idtheft/)

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### For residents of Massachusetts and West Virginia:

It is required by state law that you are informed of your right to obtain a police report if you are a victim of identity theft. You also have the right to place a security freeze on your credit report. A security freeze is intended to prevent credit, loans and services from being approved in your name without your consent; however, using a security freeze may delay your ability to obtain credit.

To place a security freeze on your credit report, you need to send a request to a consumer reporting agency by certified mail, overnight mail, or regular stamped mail. The following information must be included when requesting a security freeze (note that if you are requesting a credit report for your spouse, this information must be provided for him/her as well): (1) full name, with middle initial and any suffixes; (2) Social Security number; (3) date of birth; (4) current address and any previous addresses for the past five years; and (5) any applicable incident report or complaint with a law enforcement agency or the Registry of Motor Vehicles.

The request must also include a copy of a government-issued identification card and a copy of a recent utility bill or bank or insurance statement. It is essential that each copy be legible, display your name and current mailing address, and the date of issue. The consumer reporting agency may charge a fee of up to \$5.00 to place a freeze or lift or remove a freeze, unless you are a victim of identity theft or the spouse of a victim of identity theft, and you have submitted a valid police report relating to the identity theft incident to the consumer reporting agency.

#### **Equifax Security Freeze**

P.O. Box 105788  
Atlanta, Georgia 30348  
[www.equifax.com](http://www.equifax.com)

#### **Experian Security Freeze**

P.O. Box 9554  
Allen, TX 75013  
[www.experian.com](http://www.experian.com)

#### **TransUnion (FVAD)**

P.O. Box 6790  
Fullerton, CA 92834-6790  
[www.transunion.com](http://www.transunion.com)