

Senate Finance Committee
Special Subcommittee – DOR Cyber Security Breach
Meeting #3
December 13, 2012

PREPARED QUESTIONS BY SUBCOMMITTEE POSED TO EXPERIAN:

A. Presentation of Services Offered by Experian

1. Please provide a very brief overview of the services you provided to the S.C. Department of Health and Human Services (and its clients or other impacted citizens) related to that agency's recent theft of Personal Identifying Information.

2. Please provide a brief but specific "chronology" of Experian's involvement with the S.C. DOR cyber-security data breach noting major "milestones". As part of your response, please include, but do not feel limited to, items such as: Who initiated contact (S.C. or Experian)? When was the first contact made? Who negotiated the contract on behalf of Experian? DOR? How long were contract negotiations? When was the contract signed? Amended? Other milestones?

2A. Related to question 2 above, who (agency, office, or law firm name AND individual(s) name(s) from the agency, office, or law firm) from S.C. first contact Experian related to the DOR breach?

2B. At any point, did Experian request or suggest a sole source contract, or was Experian told that the contract it was signing with "sole source" (e.g., not competitively bid)? Precisely when was Experian notified that it was signing a sole source contract with the state, if ever?

2C. Has Experian (or any of its affiliates or subsidiaries) ever utilized any services offered by the law firm of Nelson Mullins? If yes, please explain. Does Experian currently utilize any services offered by the law firm of Nelson Mullins? If yes, please explain. If yes to either question, what steps has Experian (or Nelson Mullins) taken to ensure there are no "conflicts of interest" related to DOR's contract with Nelson Mullins related to "the breach".

3. What specific coverage has been purchased for taxpayers? Please sub-categorize your response into coverages provided under "ProtectMyID" and "FamilySecure" products being sure to "itemize" each separate service along with a brief description of the service.

B. Questions Relating to the Contract

1. To what extent can Experian partners, affiliates and third parties, including but not limited to Equifax, TransUnion, Chartis and affiliates use the information of taxpayers who have signed up for the free service for marketing of products or other purposes?
2. Does the Experian contract provide individuals unlimited free access to their credit reports over the course of the 1 year contract agreed to between Experian and DOR? If not, how many reports are accessible noting frequency of access?
3. Can taxpayers only obtain their credit reports once upon enrollment with access to that credit report an unlimited number of times within 30 days or can taxpayers obtain an updated credit report every 30 days?
- 3A. ProtectMyID provides a link to view "archived" credit reports but those reports appear to only be available for 30 days (so they are not really archived?). Why are customers not able to view their initial (free) credit report at "any time" under "archives"?
- 3B. In addition, some customers are complaining that they were never able to view their free credit report and are instead being prompted to purchase one instead. Why?
4. What are the advantages/disadvantages to obtaining an updated credit report monthly or more frequently?
5. Could the State have negotiated additional or more frequent credit checks for its citizens? Can it still?
6. If taxpayers wish to monitor their own credit more frequently, how often can they "pay" to look at their credit and how much does that monitoring cost additionally, per taxpayer?
7. Is there a Federal law that allows taxpayers to access their credit files from each credit bureau once every year?
8. If Federal law authorizes taxpayers free access to their credit files, what services are the State paying for \$12 Million under its contract with Experian?
9. Dun & Bradstreet is offering credit monitoring for businesses free of charge to the State in contrast to the services Experian is charging \$12 Million for. Would Experian consider also providing free service going forward (after the 1 year contract is complete)? Why or why not?
10. How many SC residents were Experian customers before the breach?

11. How many SC residents are Experian customers now?
12. Since the breach, how many SC residents have enrolled with Experian for the free protection purchased by the State
13. Based on your experience with similar breaches, whether you negotiated with other governments or corporations, etc; after the coverage that had been negotiated for those individuals expires, approximately what percentage of those previously covered individuals choose to continue their coverage with Experian through a paid subscription/agreement entered into solely between Experian and that individual?
14. What is Experian's estimated revenue from eligible taxpayers under the contract with the State for additional services and renewed/extended services after the first year?
15. What is the current retail market value of the services you are providing to the more than 900,000 SC taxpayers who have signed up for the State's free 1 yr. of service?
16. If different than your answer to the above question, what would it cost, per month, (per taxpayer) had the same 900,000 SC taxpayers that have signed up for the free coverage instead purchased (through the individual market based on average/typical costs) the same level of coverage directly from Experian instead? Please multiply the response by 900,000 taxpayers to provide a statewide aggregate cost.
17. After the first year, do you: 1) plan to re-negotiate an extension of coverage with the State, and, if yes, for how long and what do you anticipate the cost will be?
18. What is the average monthly service charge to S.C. residents for Experian services (pre-breach), by typical/average or level of service purchased?
19. Why can't DOR auto-enroll taxpayers in the contracted services with Experian?
20. Would Experian agree to amend the contract to auto-enroll taxpayers?
21. If there is a valid legal basis for not auto-enrolling taxpayers in the free credit-monitoring services, could tax payers be auto-enrolled for the 3-month or 7-year fraud alert service?
22. What is a "fraud alert" and what protections does it entitle SC taxpayers to?"

23. Experian already has affected SC taxpayers' SSN's on file as provided by DOR. Is there a Federal law that entitles breach victims to a 90 day fraud alert placed on their credit files at each of the bureaus free of charge? Will Experian proactively place those fraud alerts for these victims? Why or why not?
24. What measures can the State or individual taxpayers take to place a 7-year fraud alert on taxpayers' credit?
25. Would there be an additional cost associated with placing a 7-year fraud alert over a 90-day fraud alert?
26. We understand that Experian began notifying by e-mail or mail each individual that successfully enrolls in the service a code to enroll in the FamilySecure product. By what date will all affected taxpayers receive this notification? Many qualified taxpayers have not yet received their notification.
27. Are taxpayers that already paid for and were enrolled in Experian Services prior to the hacking incident able to enroll under the State's contract? Many taxpayers have had difficulty with this.
28. How will those taxpayers who were previously enrolled with Experian but not in the FamilySecure product, and who have dependents under the age of 18 receive notifications about the process for enrolling in the FamilySecure product?
29. What additional protections will the FamilySecure program offer taxpayers?
30. Does the State's contract with Experian for "FamilySecure" include \$1M (or \$2M?) of insurance coverage for minor children/dependents for 1 yr. only or for Life?
31. Related, does the State's contract with Experian for "FamilySecure" provide "fraud resolution assistance" for minor children/dependents for 1 yr. only for Life? How does this differ from general coverage for adult taxpayers covered under "ProtectMyId" and why the difference, if any?
32. According to the information you have about the SSN's and/or other information provided to you by DOR, how many potential dependents could sign up under Family Secure coverage? What is the universe of possible eligible dependents?
33. To date, how many dependents have been enrolled?
34. Had those dependents been enrolled through the individual market, what would the monthly cost be, per month, per dependent (based on average/typical costs)?

35. Related, based on past experience, how many dependents do you expect to be enrolled by your deadline of May 31, 2012? What is your best guess based on past experience?

36. Please explain why it is less important (if it is) for adult taxpayers (breach victims over 18 not enrolled as dependents) to have more limited access to their own credit reports under the “ProtectMyID” product vs. what has been reported as being “unlimited, on-demand” access to credit reports for minor dependents enrolled under your “FamilySecure” product? Is there an observed “experiential” basis or industry standard that would account for the seeming disparity in the frequency of credit report monitoring between the two products?

37. Have you contacted SC customers who enrolled pre-breach to offer them a refund for services they may have already purchased but that are now free?

38. Does Experian plan to offer the State an extension of the January 31 contract deadline to enroll in Experian's services in the event all, or most of the state's victimized taxpayers have still not been covered? If yes, how long? If no, why not?

39. What will be the cost to individuals after the first year for the same services now under contract with the State to provide, including the \$1 Million in fraud protection? Is this cost Experian's standard rate or a discounted rate?

40. There is confusion about what “lifetime protection” is offered in the Experian contract. Please explain in detail what lifetime protection means?

41. For how long does the \$1 Million fraud protection follow SC taxpayers under the current contract? For life? If not, for how long and why?

42. After the first year, in your professional opinion, how many years do you recommend taxpayers purchase either Experian, or similar coverage from competitors, related to this breach? 1 year? 3 years, 5 years? For life?

43. The State apparently now knows exactly who (which taxpayers) were victims of the breach. Will SC taxpayers who were NOT victims still be allowed to enroll in your free service or will your database now only “accept” those whose SSN's were actually stolen? Why or why not?