



# Security Breach Notice Report

*An overview of the security breach notices received by  
SCDCA since 2012 as well as a detailed analysis of the  
security breach notices received in 2018.*

October 2019

# INTRODUCTION

According to Federal Bureau of Investigation statistics, identity theft is one of the nation's fastest growing crimes. In South Carolina, the crimes of both identity fraud and financial identity fraud are broadly defined. Identity fraud occurs when a person uses the identifying information of another person to obtain employment or avoid identification by law enforcement or another governmental agency. Financial identity fraud occurs when someone uses the financial resources of another person without authorization or permission. Financial resources can include existing accounts, pension plans, retirement funds or the opening of loans, credit cards, or other amounts of debt for the purposes of obtaining goods, services or money.

The latest information from the Federal Trade Commission (FTC) Consumer Sentinel Network Data Book ranks identity theft as the second most reported complaint category, constituting 15% of the repository's three million complaints received from January 1 – December 31, 2018 (data released February 2019).<sup>1</sup> The FTC report shows South Carolina ranked 11<sup>th</sup> nationally with consumers filing 6,339 identity theft related complaints. This is a sharp increase from years 2014 (30<sup>th</sup>), 2015 (30<sup>th</sup>), 2016 (28<sup>th</sup>), and 2017 (21<sup>st</sup>). The actual number of individual identity theft complaints filed by South Carolina residents in 2018 represented a 40% increase from 2017. A similar increase occurred in 2015, which saw a 41% increase from 2014. Credit Card Fraud was the most common form of reported identity theft at the national level, with over 157,000 complaints. Other Identity Theft and Credit Card Fraud were the most reported identity theft complaints to the FTC from South Carolina victims (36% and 30%, respectively).

To aid in combating identity theft, South Carolina passed the Financial Identity Fraud and Identity Theft Protection Act<sup>2</sup> ("the Act") in 2008. While other states had certain consumer protections in place relating to identity theft, South Carolina crafted one of the most consumer-friendly and comprehensive bills of its kind in the nation. In addition to making identity theft a crime, putting restrictions on the use of social security numbers and limiting information on credit card receipts, the Act includes provisions on criminal penalties, security freezes, credit reports, records disposal and security breaches.

In continued efforts to safeguard the personal information of South Carolina residents, the Act was amended in 2013 and 2014. The 2013 amendments revised definitions relating to criminal offenses and prosecutions, made the process less tedious for identity theft victims to file police reports, and revised the definition of personal identifying information (PII). The amendment in 2014 created a class of "protected consumers" in order to protect children and vulnerable adults from identity theft by

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<sup>1</sup> [https://www.ftc.gov/system/files/documents/reports/consumer-sentinel-network-data-book-2018/consumer\\_sentinel\\_network\\_data\\_book\\_2018\\_0.pdf](https://www.ftc.gov/system/files/documents/reports/consumer-sentinel-network-data-book-2018/consumer_sentinel_network_data_book_2018_0.pdf).

<sup>2</sup> [http://www.scstatehouse.gov/sess117\\_2007-2008/bills/453.htm](http://www.scstatehouse.gov/sess117_2007-2008/bills/453.htm).

establishing a process to create a credit record for the purpose of placing a preemptive security freeze.

The South Carolina Department of Consumer Affairs (SCDCA) launched its Identity Theft Unit on October 1, 2013. South Carolina consumers who have identity theft questions or think they may be victims can contact the Identity Theft Unit for ongoing guidance throughout the process of mitigating the negative effects of their particular identity theft situation. The Identity Theft Unit also handles administration and enforcement of the Act. This report provides an overview of the security breach notices received by SCDCA.

## SECURITY BREACH NOTICES

The information provided in the following charts was compiled from the notification letters sent to SCDCA by companies and governmental entities reporting security breaches from January 2012 through December 2018. The Department has added two new industry categories that security breaches could fall into for purposes of reporting (Education and Hospitality). Thus, the industry categories now include healthcare organizations, governmental entities, financial service providers, the hospitality industry, education providers, retail companies, and a catchall category for all other entities. Please be aware as you read the information provided that many companies and organizations did not report a specific number of consumers affected. Therefore, the totals provided reflect the minimum number of South Carolina residents potentially affected. During the designated time period, the Department received **291** security breach notices affecting **8,787,465** South Carolina residents.

### Number of Security Breach Notices Received by Industry January 2012 – December 2018

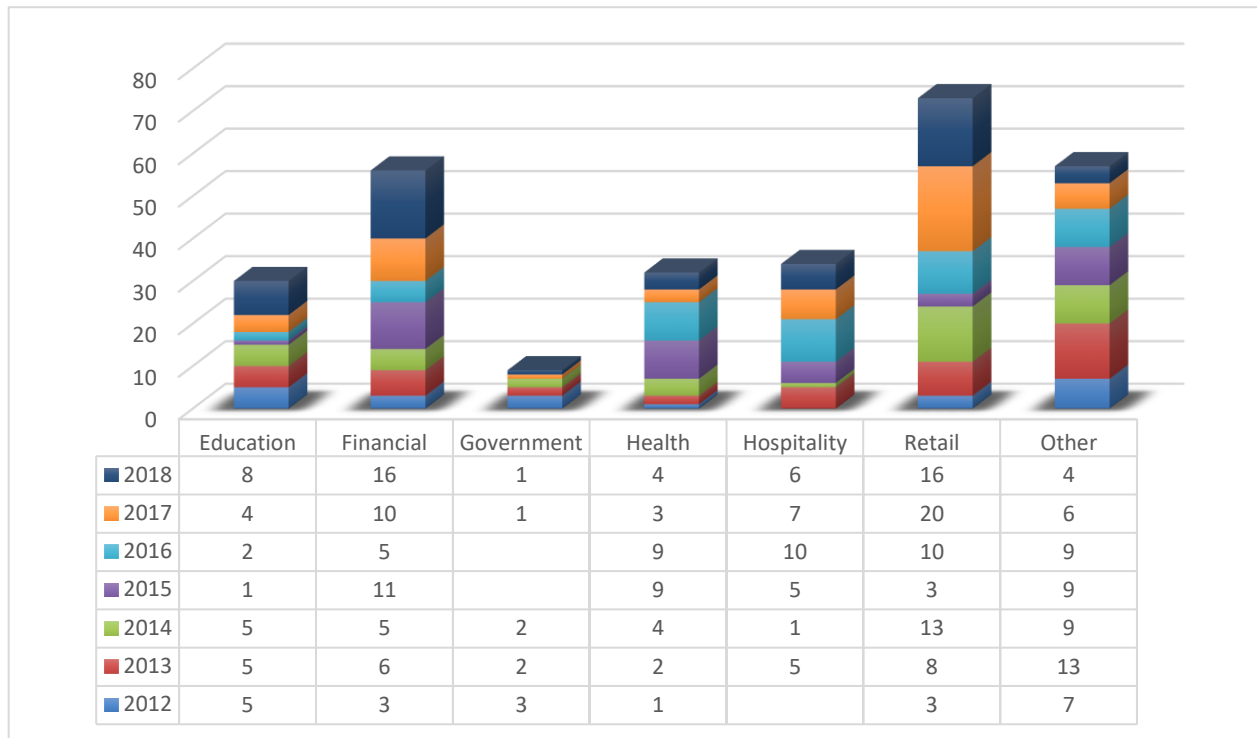


Figure 1

From January 2012 through December 2018, a total of seventy-three breaches were reported by the retail industry, fifty-six from financial service providers, thirty-two from healthcare organizations, thirty from education providers, thirty-four from the hospitality industry, and nine from governmental entities. SCDCA also received fifty-seven other reports of breaches from companies outside these six main sectors.

The Department received the most notices in 2018 (55 notices) followed closely by 2017 (51 notices). The notices received in years 2013 through 2018 represent a significant increase in comparison to 2012 (22).

### Number of South Carolina Residents Affected by Security Breaches by Industry January 2012 – December 2018

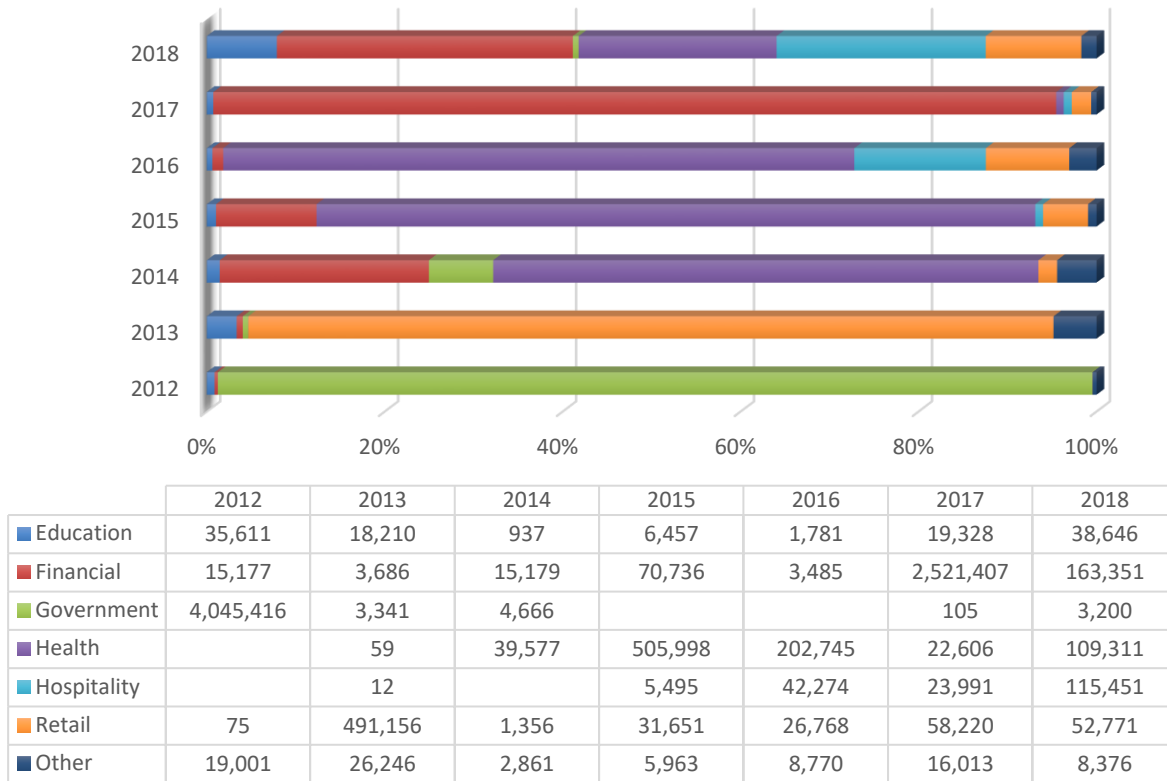


Figure 2

More than 8.7 million South Carolina residents were affected by the 291 security breaches reported during 2012–2018. Cumulatively, 2012 represented the year with the largest number of South Carolina residents being affected by breaches with 4,115,280. The total number of residents affected by breaches for the remaining years addressed in this report are as follows: 491,106 (2018); 2,661,670 (2017); 285,823 (2016); 626,300 (2015); 64,576 (2014); and 542,710 (2013).

Although the number of these affected consumers varied significantly among the different industries and organizations, the government sector in 2012 impacted the largest total number of South Carolina consumers at 4,045,416. Reported breaches involving financial organizations affected the most consumers in 2017 (2,521,407) and 2018 (163,351). Healthcare organizations reported breaches affecting the most consumers for the years 2016 (202,745 consumers), 2015 (505,998 consumers), and 2014 (39,577 consumers). Breaches reported by the retail industry affected the most consumers in 2013 (491,156 consumers).

### Total Number of Notices and Affected Consumers per Industry January 2012 – December 2018

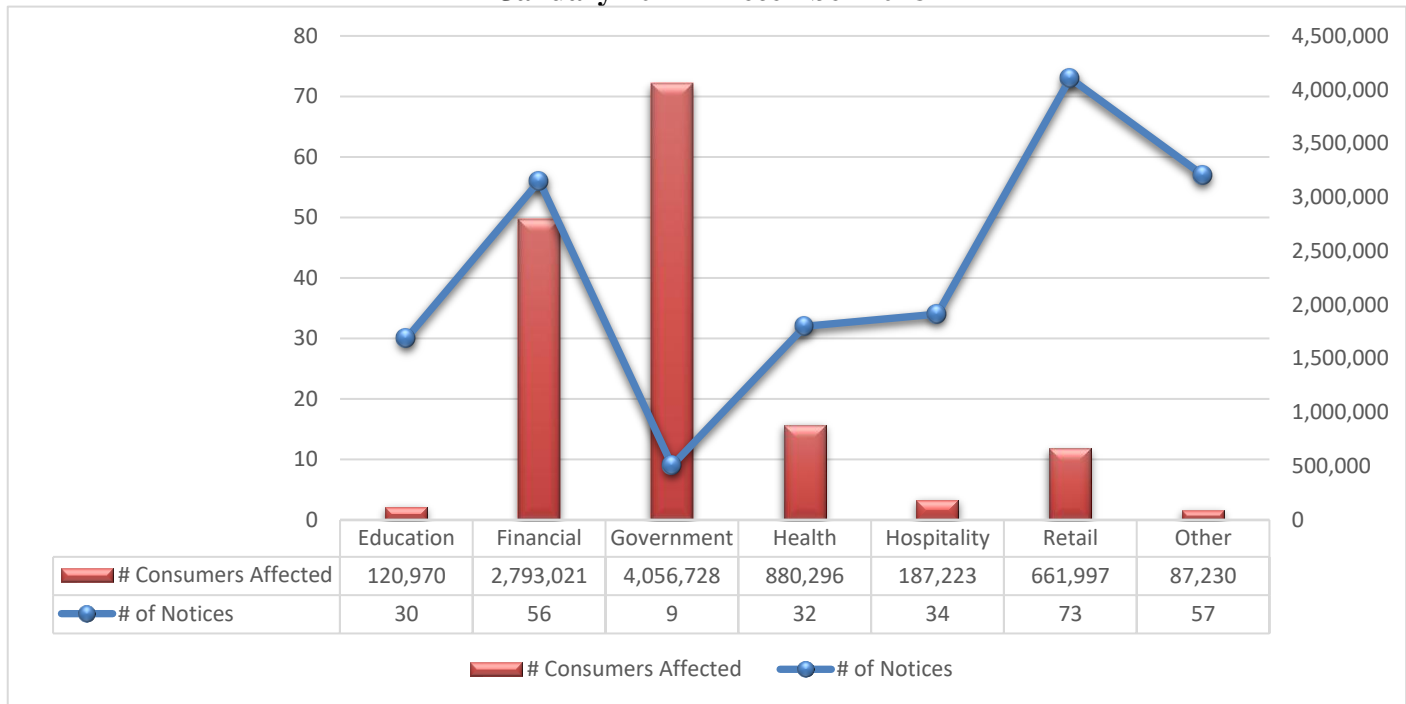


Figure 3

From January 2012 through December 2018, governmental entities reported nine security breaches affecting more than four million South Carolina residents. Financial service providers reported fifty-six security breaches affecting nearly 2.8 million residents. The healthcare industry experienced thirty-two security breaches that affected 880,296 residents. The retail industry submitted seventy-three security breach notices that affected 661,997 residents. Education providers reported thirty security breaches affecting 120,970 residents. The hospitality industry submitted thirty-four notices, which affected 187,223 residents. Other industries falling outside these six main sectors filed fifty-seven notices affecting 87,230 consumers.

## CONCLUSION

While FIFITPA places requirements on businesses and public bodies to protect consumers from identity theft, consumers, especially those who receive notice of a security breach, must take action to guard against this crime. Financial accounts, including bank, credit card and investment statements, should be closely monitored. Consumers also need to carefully review every “Explanation of Benefits” statement from a health insurer and request a list of benefits paid in their name on an annual basis. If incorrect or questionable information is spotted, the consumer should contact the bank or insurer immediately.

Consumers also need to check their credit reports regularly. Under federal law, every consumer has the right to receive a FREE copy of their credit report once a year from the three major credit reporting companies. To obtain a free credit report consumers can log on to [www.annualcreditreport.com](http://www.annualcreditreport.com), call 877-322-8228, or complete the Annual Credit Report Request form found on the Federal Trade Commission Website (FTC) at <http://www.consumer.ftc.gov/articles/0155-free-credit-reports> and mail it to Annual Credit Report Request Services, P.O. Box 105281, Atlanta GA 30348- 5281. Annualcreditreport.com is the ONLY official website offering a FREE credit report. Consumers should beware of sites, e-mails, pop-ups, and links that charge a fee for its product and services. If a consumer finds unknown activity on a credit report, a dispute should be sent to the credit reporting agency, with a courtesy copy to the company reporting the information.

A security freeze is also an option consumers can consider. This identity theft protection tool can prevent an unauthorized person from opening new accounts in the victim’s name or obtaining services where a credit report is required. Consumers are provided a PIN number to lift or temporarily remove the freeze when needed. The freeze does not, however, guard against someone using a stolen credit card number.

The protected consumer freeze is a relatively new identity theft protection for minors under the age of 16 and incapacitated adults. This line of defense is similar to the traditional security freeze but is for protected consumers who do not currently have a credit report. Parents, guardians, and representatives can create and freeze a protected consumer’s credit file for free.

As data breaches continue to be a concern, potential legislative changes are likely. In past years, legislation was introduced that would amend the timing requirement for breach notifications as well as the content of the notice to consumers.

For those consumers who may have been affected by a security breach or would like more information about protecting their personal information, visit [www.consumer.sc.gov](http://www.consumer.sc.gov) and click the “Identity Theft Unit” button or call us toll-free at 1-800-922-1594.

For details on what action to take in resolving specific identity theft problems, consumers can contact SCDCA’s Identity Theft Unit at the number above or fill out an Identity Theft Intake Form online.

