

July 6, 2022

Office of the Attorney General  
600 E. Boulevard Ave Dept. 125  
Bismarck ND 58505

Re: Data Security Event:

Dear Attorney General Wrigley,

Heritage Life Insurance Company is submitting this notice to provide the North Dakota Attorney General with information regarding a cybersecurity event at one of its service providers that impacted consumer personal information (“PI”) of North Dakota residents.

Heritage is a US life insurance company licensed in 49 states, Puerto Rico and the District of Columbia. Included within the corporate structure of Heritage are U.S. Financial Life Insurance Company (“USFLI”) and Professional Life & Casualty Company (“PLCI”), which Heritage acquired in April 2020 and June 2019, respectively (together, “Heritage”). All of the Heritage companies are domiciled in Arizona. This notice is being provided on behalf of all three Heritage entities.

Heritage is a small business by head-count, employing 31 individuals, nearly half of whom joined following the acquisition of USLFI and PLCI. Heritage contracts with an IT provider, Inline Networks Integration LLC (“Inline”), to provide managed IT and network services.

On March 12, 2022, Inline informed Heritage that it had experienced a ransomware attack, which disrupted Heritage’s customer call center and Heritage’s systems for processing transactions and related data (e.g. redemptions, surrenders, beneficiary changes, etc.). While Inline’s systems were down, Heritage worked to process transactions manually to the extent possible and communicate with policyholders about the system outage. Heritage’s systems gradually came back online. The system hosting Heritage policy information was unavailable between March 12 and March 17, but it was accessible by March 18. The call center became operational on March 25, and Heritage was able to complete the processing of its backlogged transactional data by April 14. With the exception of the business days between March 14 and March 24, Heritage’s customer support remained functional and in communication with Heritage customers throughout the outage as email and phones were not affected.

The ransomware attack did not affect Heritage’s internal systems, including its policy administration system, and Heritage does not yet fully know which data sets the attack encrypted and which Inline simply took offline in response to the attack.

Throughout the course of this incident, Heritage, through counsel, has been in contact with Inline, and has communicated the urgent need to ascertain what, if any, Heritage customer data the attackers accessed. While Inline reports through its counsel that it engaged an incident response firm, they are not sharing the report with us, nor have they provided a full accounting of how the system was compromised, what data was accessed, what forensic artifacts have been preserved, and what steps were taken to remediate the issue.

For its part, Heritage took a number of steps to prevent further harm, including promptly retaining outside counsel with cybersecurity expertise, contacting law enforcement and regulators, undertaking its own internal forensic review, and eventually provided notice of contract termination to Inline. Heritage contacted the US Secret Service (USSS) on March 21, 2022, and on March 24, 2022 USSS requested Heritage not disclose the event to avoid interfering with their investigation. Heritage last communicated with the USSS on April 29, at which point the USSS no longer expressed concern with moving forward with notifications. To date, Inline has made no notifications to our knowledge.

Based on Heritage's own internal IT investigation, as well as on the limited information Inline has provided, Heritage assesses that customer PI was impacted. Whether that PI was actually accessed, exfiltrated or otherwise acquired remains unknown—Inline would be in the position to provide such an assessment based on their forensic investigation—but some systems that were encrypted contained personal information. Based on its ongoing investigation, on June 9, Heritage identified at least 393 North Dakota residents whom this incident could have impacted.

Heritage is continuing to communicate with Inline, and it will update you and other regulatory agencies as the parallel investigations progress. In the interim, Heritage is erring on the side of being over-inclusive in determining who may have been affected, and it is working to ensure that affected individuals are notified with alacrity.

Should you have any questions please do not hesitate to contact me or Alexander Sand ([AlexanderSand@eversheds-sutherland.com](mailto:AlexanderSand@eversheds-sutherland.com) or +1.512.721.2721).

Sincerely,

Michael Bahar  
Partner  
Eversheds Sutherland (US) LLP