



**The 2005 National Survey on Data Security Breach Notification is a Must-Read for Corporate Officers and IT Executives**

The results of a 2005 National Survey on Data Security Breach Notification demonstrate the importance of preventative IT protection.

Some of the largest and most prestigious banks, credit card companies, governmental organizations and health care providers have recognized the necessity to locate vulnerabilities in their IT security before they become an issue, and to take steps to protect themselves and their clients.

The purpose of the PGP Corporation-sponsored survey was to learn how nearly 10,000 customers of different companies react to data security breach notifications, and how these individuals view the organizations that fulfill their legal obligation to tell individuals about the loss or theft of their personal information.

Predictably, customers who receive this notification blame the company for a lack of sufficient safeguards, and are likely to lose trust and confidence in that company. That loss of trust induces many customers to terminate their relationship with the organization, especially if they believe its handling of the security breach is unsatisfactory. Only 8% of those surveyed did not hold the company accountable.

Is it possible to achieve effective damage control after a security breach? The survey revealed that companies that deploy emails or form letters to communicate a breach of consumer data are far more likely to experience customer turnover than companies that rely upon telephone contact, personalized letters, or a combination of both.

However, since these companies remain far more likely to experience customer turnover if they fail to protect customer information, the best way to avoid that possibility is to prevent a security breach before it occurs.

Aurora helps companies secure their information, both from external attacks and from internal theft or carelessness. For more information on how Aurora can help your company secure its data, or for a security audit, call us at (310)530-8260 or email us at [info@auroraent.com](mailto:info@auroraent.com).

The 2005 National Survey on Data Security Breach Notification is attached.

# PGP® Research Report – Summary

National Survey on Data Security  
Breach Notification

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PGP Research Report Summary – National Survey on Data Security Breach Notification

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## **National Survey on Data Security Breach Notification Recipients of Data Security Breach Notices Are Not Satisfied with Initial Communications**

### **Introduction**

IT protection is a hot topic these days, as more companies recognize their vulnerabilities and seek to take steps to protect themselves and their clients.

To illustrate one of the most severe ramifications of a security compromise, Aurora Enterprises is pleased to report results for PGP's National Survey on Data Security Breach Notification. Survey fieldwork was completed on August 25, 2005. This perception-capture research was independently conducted to learn how individuals react to data security breach notifications sent by business, non-profit, or governmental organizations as required by new laws. The purpose of this study is to learn how organizations met their legal obligation to notify individuals after the loss or theft of personal information. In addition, this study seeks to understand how individuals reacted to the organization's communication and handling of this critical event.

Invitations were sent to 51,433 adult-aged individuals throughout the United States by email or letter. PGP received 9,154 usable Web-based survey responses from individuals residing in all major regions, resulting in a 17.8% response rate. Of these respondents, more than 11.6% or 1,109 individuals self-reported that they received communications from an organization about the loss or theft of their personal information.

### **Executive Summary**

The National Survey on Data Security Breach Notification addresses the notification practices of U.S.-based organizations in business and government when a data security breach occurs and personal information is either lost or stolen. In accordance with various new state laws and emerging U.S. federal regulations, organizations are required to notify victims of the breach in a timely fashion.

According to PGP research, individuals receiving the data breach notification tend to blame the organization for not having sufficient controls or safeguards to protect their data. Should the victims of the breach suffer such negative consequences as identity theft, research further indicates that they are likely to lose trust and confidence in the organization. Obviously, lost trust will likely cause many customers to terminate their relationship with the organization ("turnover"), especially if they believe its response to and handling of the security breach is unsatisfactory.

All organizations are vulnerable to a data security breach. However, it seems that what determines an organization's ability to protect its reputation and maintain the trust of its customers and employees in the aftermath of a breach is the quality of the notification. For this reason, PGP surveyed individuals who have been notified about a data security breach and asked them specific questions about the content and the process of the notification. The following findings are the most informative about the respondents'

perceptions.

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## **Survey Findings**

Data breach incidents appear to be a pervasive problem in the United States, becoming more transparent as a result of several new state privacy laws.

- Approximately 11.6% of survey respondents reported that they have received notification of a data security breach within the last year.
- The study suggests that more than 23 million U.S. adult-aged residents recall receiving a breach notification.
- About 86% of security breaches involved the loss or theft of customer or consumer information. About 14% involved employee, student, medical, and taxpayer data.
- The most likely organizations to report a breach are banks, credit card companies, governmental organizations (including state universities), and health care providers.

A majority of respondents were not satisfied with the quality of the notification and communication

- Companies that report a breach to consumers are more than four times (417%) more likely to experience customer turnover if they fail to communicate to the victim in a clear, consistent, and timely fashion.
- Companies that deploy emails or form letters to communicate a breach of consumer data are more than three times (326%) more likely to experience customer turnover than companies that use telephone, personalized letters, or a combination of both.

People are fearful the data breach will have a significant negative impact on them and their families

- More than 58% of respondents believed the breach decreased their sense of trust and confidence in the organization reporting the incident.
- More than 86% of subjects are concerned or very concerned about how data breach incident will affect them.
- Only 8% of respondents did not blame the organization that reported the breach.

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**As a result, many notice recipients have lost trust and discontinued support for organizations reporting the incident.**

- **19% of respondents have already discontinued their relationship with the company as a result of the data breach.**
- **More than 40% said that they might discontinue their relationship.**
- **An additional 27% were concerned with the notifying organization**
- **Only 14% of respondents replied they were not concerned.**

### **Complete Report Available**

If you have questions or comments about this research report or would like to obtain a full copy (including permission to quote or reuse the report), please contact by letter, phone, or email Ponemon Institute, LLC, Attn: Research Department, 212 River Street, Elk Rapids, Michigan 49629, 1.800.887.3118, [research@ponemon.org](mailto:research@ponemon.org)

**Considered  
Terminating  
40%  
Concerned  
27%  
Terminated  
19% Not Concerned 14%**

**About the Study's Sponsor**

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Ponemon Institute is dedicated to independent research and education that advances responsible information and privacy management practices within business and government. Our mission is to conduct high quality, empirical studies on critical issues affecting the management and security of sensitive information about people and organizations.

As a member of the Council of American Survey Research Organizations (CASRO), we uphold strict data confidentiality, privacy and ethical research standards. We do not collect any personally identifiable information from individuals (or company identifiable information in our business research). Furthermore, we have strict quality standards to ensure that subjects are not asked extraneous, irrelevant or improper questions.

**About Aurora Enterprises**

Aurora Enterprises is a leading California-based IT Solution Provider specializing in data security and compliance solutions for the medical, finance and government verticals. Founded in 1990, Aurora has been providing its clients with a range of security consulting services to help them comply with regulatory compliancy mandates. Specialization in messaging security and encryption solutions has earned Aurora Enterprises an excellent reputation amongst security vendors and clients looking to partner with a solution provider to secure their network and data. Aurora also has 9 contracts with the State of California to provide state agencies with IT hardware, software and consulting services. For more information about Aurora Enterprises, please call 310-530-8260 or visit <http://www.auroraent.com>

**About PGP Corporation**

The global customer standard for encryption and digital-signature solutions, PGP Corporation develops, markets, and supports an integrated data security suite used by more than 30,000 enterprises, businesses, and governments worldwide, including 84% of the Fortune® 100, 66% of the Fortune® Global 100, and thousands of individuals and cryptography experts. Customers depend on PGP solutions for regulatory and audit compliance, to protect confidential company information, to secure customer data, and to keep identity information private.

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