

# Privacy Breaches



## Privacy Breaches Can Hurt Your Bottom Line

According to 2006 US figures, as much as \$1.2 billion has been lost due to identity theft and consumer fraud. The average cost to a business for a security breach was \$4.8 million or \$182 per lost customer record. In Canada, it was reported in 2005 that identity theft complaints amounted to \$8.5 million in losses. In short, privacy breaches are hurting the bottom line of Canadian businesses.

Lang Michener's Privacy Law Group has the knowledge and experience to help organizations in such varied industries as retail, insurance, health and the automotive sector to manage privacy breaches effectively. Lawyers in our Privacy Law Group draw on the expertise of complementary areas of the firm, including business, administrative, employment, litigation, marketing and e-commerce specialists.

## Privacy Breaches: What You Need to Know

Canadian companies should be concerned about privacy breaches for the following reasons:

- The increased prevalence of privacy breaches in the popular media has had an impact on consumers. For example, a study conducted by Pollara in 2005 found that 41% of Ontarians did not feel safe from identity theft while shopping online and that one in four felt the same way using online banking.
- An EKOS Research survey conducted in 2006 reported that as many as 68% of Canadians believe that organizations should notify both individuals and government organizations when a breach has occurred.
- IDC Canada estimates that Canadian companies are spending as much as \$1 billion to fend off identity thieves and hackers.
- More than half of the overall cost per record of a privacy breach can be attributed to "customer opportunity costs" comprised of: brand damage, loss of existing customers and difficulty attracting new customers.
- A recent COMPAS Inc. survey, found that the majority of executives surveyed (i) were concerned about the threat of hacking; and (ii) believed that organizational holders of customers' personal information should be held liable for its protection.
- Courts are more willing to assess damages against deficient privacy practices as public consciousness rises, and the costs of privacy breaches increase.
- The federal Privacy Commissioner has responded by issuing guidelines for organizations to use in deciding whether and how to give notice of breaches.
- Notification can be directed to several different categories of affected persons and done in several stages.

## How We Can Help

Lang Michener's Privacy Law Group assists and advises organizations on privacy breach issues including:

- Identifying privacy breach issues, such as assessing how data is handled during business processes;
- Assessing and developing security standards and procedures;

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- Creating protocols to manage privacy breaches;
- Defining roles and responsibilities of staff;
- Assisting in recognizing potential breaches;
- Designing training documentation;
- Containment procedures; and
- Notification procedures for both internal and external use.

## Our Experience and Expertise

Our Privacy lawyers help clients understand privacy laws, adopt effective procedures and manage privacy issues advantageously. With practitioners located across Canada, we have the depth of resources and talent to help you develop privacy strategies regardless of the size or complexity of your business.

## About Lang Michener

Lang Michener is a leader in Canada's legal profession and has been for more than 80 years. Our international firm, with offices in Toronto, Vancouver, Ottawa and Hong Kong, has over 200 dynamic professionals who provide effective, innovative solutions to Canadian and international clients.

***For more information, please visit our website at [langmichener.ca](http://langmichener.ca).***

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