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[EXEMPT FROM FILING FEES
PURSUANT TO GOVERNMENT
CODE SECTION 6103]

8 *Attorneys for The People of the State of California*

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA

10 FOR THE COUNTY OF ALAMEDA

11 UNLIMITED JURISDICTION

13 **THE PEOPLE OF THE STATE OF
14 CALIFORNIA,**

15 Plaintiff,

16 v.

17 **ANTHEM, INC.,** a corporation,

18 Defendant.

Case No.

**STIPULATION FOR ENTRY OF FINAL
JUDGMENT AND PERMANENT
INJUNCTION**

(BUS. & PROF. CODE, § 17200 et seq.)

23 Plaintiff, the People of the State of California (“the People” or “Plaintiff”), through its
24 attorney, Xavier Becerra, Attorney General of the State of California, by Deputy Attorney
25 General Yen P. Nguyen, and Stacey D. Schesser, Supervising Deputy Attorney General, and
26 Defendant Anthem, Inc. (“Anthem” or “Defendant”), appearing through its attorneys, Hogan
27 Lovells US LLP stipulate as follows:
28

1 1. The Court has jurisdiction of the subject matter hereof and the parties to this
2 Stipulation for Entry of Final Judgment and Permanent Injunction (“Stipulation”).

3 2. Concurrently with the filing of this Stipulation, Plaintiff has filed its Complaint in
4 this matter alleging that Defendant committed violations of Business and Professions Code
5 section 17200 et seq.

6 3. The Final Judgment and Permanent Injunction (“Final Judgment”), a true and
7 correct copy of which is attached hereto as Exhibit A, may be entered by any judge of the
8 Alameda County Superior Court.

9 4. Plaintiff and Anthem (collectively, “the Parties”) have agreed to resolve, without
10 trial or adjudication of any issue of fact or law, these allegations contained in the Plaintiff’s
11 Complaint by entering into this Stipulation.

12 5. Plaintiff may submit the Final Judgment to any judge of the superior court for
13 approval and signature, based on this stipulation, during the court’s *ex parte* calendar or on any
14 other *ex parte* basis, without notice to or any appearance by Defendant, which notice and right to
15 appear Defendant hereby waives.

16 6. The Parties hereby waive their right to move for a new trial or otherwise seek to
17 set aside the Final Judgment through any collateral attack, and further waive their right to appeal
18 from the Final Judgment, except that Plaintiff and Anthem each agree that this Court shall retain
19 jurisdiction for the purposes specified in Paragraph 55 of the Judgment.

20 7. Defendant will accept service of any Notice of Entry of Judgment entered in this
21 action by delivery of such notice to its counsel of record, and agrees that service of the Notice of
22 Entry of Judgment will be deemed personal service upon it for all purposes.

23 8. The individuals signing below represent that they have been authorized by the
24 parties they represent to sign this Stipulation.

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9. This Stipulation may be executed in counterparts, and the Parties agree that a facsimile, scanned, or electronic signature shall be deemed to be, and shall have the full force and effect as, an original signature.

Dated: September 28, 2020

XAVIER BECERRA
Attorney General of California

BY: 

Yen P. (TiTi) Nguyen
Deputy Attorney General
Attorneys for Plaintiff

Dated: _____, 2020

ANTHEM, INC.

BY: _____
Pamela C. Williams
Senior Vice President & Counsel
Anthem, Inc.
220 Virginia Avenue
Indianapolis, IN 46204


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9. This Stipulation may be executed in counterparts, and the Parties agree that a facsimile, scanned, or electronic signature shall be deemed to be, and shall have the full force and effect as, an original signature.

Dated: _____, 2020 XAVIER BECERRA
Attorney General of California

BY: _____
Yen P. (TiTi) Nguyen
Deputy Attorney General
Attorneys for Plaintiff

Dated: September 25, 2020 ANTHEM, INC.

BY:  _____
Pamela C. Williams
Senior Vice President & Counsel
Anthem, Inc.
220 Virginia Avenue
Indianapolis, IN 46204

1 Dated: September 25, 2020

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2 BY: 

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19 *Attorneys for Defendant*

EXHIBIT A

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9 SUPERIOR COURT OF THE STATE OF CALIFORNIA

10 FOR THE COUNTY OF ALAMEDA

11 UNLIMITED JURISDICTION

13 **PEOPLE OF THE STATE OF**
14 **CALIFORNIA,**

15 Plaintiff,

16 v.

17 **ANTHEM, INC.,** a corporation,

18 Defendant.

Case No.

**[PROPOSED] FINAL JUDGMENT AND
PERMANENT INJUNCTION**

(Cal. Bus. & Prof. Code, § 17200 *et seq.*)

21 Plaintiff, the People of the State of California (“the People” or “Plaintiff”), appearing
22 through its attorney, Xavier Becerra, Attorney General of the State of California, by Yen P.
23 Nguyen, Deputy Attorney General, and Stacey D. Schesser, Supervising Deputy Attorney
24 General, and Defendant Anthem, Inc. (“Anthem”), a corporation, appearing through its attorneys
25 Craig Hoover, Michelle Kisloff, Allison Holt Ryan, Adam Cooke, and Vassi Iliadis of Hogan
26 Lovells US LLP, having stipulated to the entry of this Final Judgment and Permanent Injunction
27 (“Judgment”) by the Court with all parties having waived their right to appeal, and the Court
28 having considered the matter and good cause appearing:

1 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

2 **I. INTRODUCTION**

3 This Judgment arises from a data breach, publicly announced by Anthem on February 4,
4 2015, in which a criminal cyber-attacker gained unauthorized access to its network and infiltrated
5 an internally-hosted enterprise data warehouse, which contained the personal information (“PI”)
6 and/or protected health information (“PHI”) of Anthem plan members and other individuals (the
7 “Data Breach”). Anthem discovered the unauthorized access that caused the Data Breach on or
8 about January 29, 2015. The Data Breach affected approximately 78,800,000 individuals
9 nationwide. The information accessed in unencrypted form by the cyber-attacker included
10 names, dates of birth, Social Security numbers, healthcare identification numbers, home
11 addresses, email addresses, phone numbers, and employment information, including income data.

12 **II. PARTIES AND JURISDICTION**

13 1. For purposes of this action, this Court has jurisdiction over the allegations and
14 subject matter of the People’s Complaint and the parties to this action; venue is proper in this
15 County; and this Court has jurisdiction to enter this Judgment.

16 **III. DEFINITIONS**

17 2. For the purposes of this Judgment, the following definitions shall apply:

18 a. “Anthem” shall mean Anthem, Inc., its wholly owned, integrated, and
19 operated affiliates, subsidiaries, and divisions, successors, and assigns, directors and officers and
20 employees doing business in the United States.

21 b. “Anthem Network” shall mean the networking equipment, databases or
22 data stores, applications, servers, and endpoints that are capable of using and sharing software,
23 data, and hardware resources and that are owned and/or operated by Anthem.

24 c. “Business Associate” shall be defined in accordance with 45 C.F.R.
25 § 160.103 and is a person or entity that provides certain services to or performs functions on
26 behalf of covered entities, or other business associates of covered entities, that require access to
27 PHI.

1 d. “Consumer Protection Act” shall mean Business & Professions Code
2 section 17200 *et seq.*

3 e. “Covered Entity” shall be defined in accordance with 45 C.F.R. § 160.103
4 as a health plan, health care clearinghouse, or health care provider that transmits protected health
5 information in electronic form in connection with a transaction for which the U.S. Department of
6 Health and Human Services has adopted standards.

7 f. “Covered Systems” shall mean components, such as servers, workstations,
8 and devices, within the Anthem Network that are routinely used to collect, process, communicate,
9 and/or store PI and/or PHI.

10 g. “Data Breach” shall mean the security incident discovered by Anthem on
11 or about January 29, 2015, and publicly announced on February 4, 2015, in which a malicious
12 cyber-attacker gained unauthorized access to portions of the Anthem Network that stored PI
13 and/or PHI, and which impacted approximately 78,800,000 individuals nationwide.

14 h. “Data Breach Notification Law” shall mean Civil Code section 1798.82.

15 i. “Effective Date” shall be October 30, 2020.

16 j. “Encrypt,” “Encrypted,” or “Encryption” shall refer to the transformation
17 of data at rest or in transit into a form in which meaning cannot be assigned without the use of a
18 confidential process or key. The manner of Encryption shall conform to existing industry
19 standard.¹

20 k. “Minimum Necessary Standard” shall refer to the requirements of the
21 Privacy Rule that, when using or disclosing Protected Health Information or when requesting
22 Protected Health Information from another Covered Entity or Business Associate, a Covered
23 Entity or Business Associate must make reasonable efforts to limit Protected Health Information
24 to the minimum necessary to accomplish the intended purpose of the use, disclosure, or request as
25 defined in 45 C.F.R. § 164.502(b) and § 164.514(d).

26 _____
27 ¹ For the purposes of this Judgment, the term “existing industry standard” applies to what the
28 standard may become as the industry changes over time. As of the Effective Date, the existing
industry standard shall be defined pursuant to Federal Information Processing Standards
Publication 140-2.

1 l. “Multi-factor Authentication” means authentication through verification of
2 at least two of the following authentication factors: (i) knowledge factors, such as a password; or
3 (ii) possession factors, such as a token, connection through a known authenticated source, or a
4 text message on a mobile phone; or (iii) inherent factors, such as biometric characteristics.

5 m. “Personal Information” or “PI” shall mean the data elements in the
6 definition of personal information set forth in the Data Breach Notification Law and/or Personal
7 Information Protection Act.

8 n. “Personal Information Protection Act” shall mean Civil Code section
9 1798.85.1.

10 o. “Privacy Rule” shall refer to the HIPAA Regulations that establish national
11 standards for safeguarding individuals’ medical records and other Protected Health Information,
12 including electronic PHI, that is created, received, used, or maintained by a Covered Entity or a
13 Business Associate, specifically 45 C.F.R. Part 160 and 45 C.F.R. Part 164, Subparts A and E.

14 p. “Protected Health Information” or “PHI” shall be defined in accordance
15 with 45 C.F.R. § 160.103, including electronic protected health information.

16 q. “Security Event” shall mean any compromise that (i) results in the
17 unauthorized access, acquisition, or exfiltration of electronic PI or PHI collected, processed,
18 transmitted, stored, or disposed of by Anthem, or (ii) causes lack of enterprise availability of
19 electronic PI or PHI of at least 500 U.S. consumers held, processed, or stored by Anthem.

20 r. “Security Rule” shall refer to the HIPAA Regulations that establish
21 national standards to safeguard individuals’ electronic Protected Health Information that is
22 created, received, used, or maintained by a Covered Entity or Business Associate that performs
23 certain services on behalf of the Covered Entity, specifically 45 C.F.R. Part 160 and 45 C.F.R.
24 Part 164, Subparts A and C.

25 **IV. INJUNCTIVE PROVISIONS**

26 The injunctive terms contained in this Judgment are being entered pursuant to Business
27 and Professions Code section 17203.

28

1 **A. Compliance with State Law**

2 3. Anthem shall not misrepresent the extent to which Anthem maintains and protects
3 the privacy, security, or confidentiality of any PI or PHI collected from or about consumers.

4 4. If a Security Event does not trigger the Data Breach Notification Law, Anthem
5 shall create a report that includes a description of the Security Event and Anthem’s response to
6 that Security Event (“Security Event Report”). The Security Event Report shall be made
7 available for inspection by the Third-Party Security Assessor as described in Paragraph 28.

8 **B. Information Security Program**

9 5. Anthem shall develop, implement, and maintain a written information security
10 program (“Information Security Program”) that is reasonably designed to protect the security,
11 integrity, and confidentiality of PI and PHI that Anthem collects, stores, transmits, maintains,
12 and/or destroys. The Information Security Program, shall, at a minimum, include the specific
13 information security requirements set forth in Paragraphs 6 through 26 of this Judgment.

14 a. The Information Security Program shall comply with any applicable
15 requirements under state or federal law, and shall contain administrative, technical, and physical
16 safeguards appropriate to: (i) the size and complexity of Anthem’s operations; (ii) the nature and
17 scope of Anthem’s activities; and (iii) the sensitivity of the PI and PHI that Anthem collects,
18 stores, transmits and/or maintains.

19 b. The Information Security Program shall be written and modified to allow
20 access to PHI consistent with the Minimum Necessary Standard. Anthem shall consider and
21 adopt where reasonably feasible the principles of zero trust architecture throughout the Anthem
22 Network. As used herein, zero trust architecture means Anthem will:

23 i. Regularly monitor, log, and inspect network traffic, including log-in
24 attempts, through the implementation of hardware, software, or procedural mechanisms that
25 record and evaluate such activity;

26 ii. Authorize and authenticate relevant device, user, and network
27 activity within the Anthem Network; and
28

1 iii. Require appropriate authorization and authentication prior to any
2 user's access to the Anthem Network.

3 c. Anthem may satisfy the requirements of this Judgment, including the
4 implementation of the Information Security Program, through the review, maintenance, and, if
5 necessary, updating of an existing information security program or existing safeguards, provided
6 that such existing program or safeguards meet the requirements set forth in this Judgment.

7 d. Anthem shall review not less than annually the Information Security
8 Program.

9 e. Anthem shall employ an executive or officer who shall be responsible for
10 implementing, maintaining, and monitoring the Information Security Program ("Chief
11 Information Security Officer" or "CISO"). The CISO shall have the background and expertise in
12 information security appropriate to the level, size, and complexity of her/his role in
13 implementing, maintaining, and monitoring the Information Security Program.

14 f. The role of the CISO will include regular and direct reporting to the Chief
15 Executive Officer ("CEO"), Executive Staff, and Board of Directors concerning Anthem's
16 security posture, the security risks faced by Anthem, and the security implications of Anthem's
17 business decisions. The CISO shall meet with and provide a report to: (1) the Board of Directors
18 on at least a semi-annual basis and (2) the CEO on at least a quarterly basis. The CISO shall
19 report to the CEO within twenty-four (24) hours of a confirmed Security Event impacting 500 or
20 more consumers residing in the United States. The CISO shall include such Security Events in its
21 annual report to the Board of Directors.

22 g. Anthem shall provide notice of the requirements of this Judgment to the
23 employees of Anthem's Information Security organization and shall implement training on the
24 requirements of this Judgment to those employees. Anthem shall provide the training required
25 under this Paragraph to such employees within ninety (90) days of the Effective Date of this
26 Judgment or prior to their starting their responsibilities for implementing, maintaining, or
27 monitoring the Information Security Program.
28

1 h. As part of its Information Security Program, Anthem shall develop,
2 implement, and maintain a written incident response plan to prepare for and respond to Security
3 Events. Anthem shall revise and update this response plan, as necessary, to adapt to any material
4 changes that affect the security of PI and PHI. Such a plan shall, at a minimum, identify and
5 describe the following phases: (i) Preparation; (ii) Detection and Analysis; (iii) Containment; (iv)
6 Notification and Coordination with Law Enforcement; (v) Eradication; (vi) Recovery; (vii)
7 Consumer and Regulator Notification and Remediation; and (viii) Post-Incident Analysis.

8 i. Anthem shall budget such that its Information Security Program receives
9 the resources and support reasonably necessary to function as intended.

10 j. Anthem shall take reasonable efforts, using a reasonable and documented
11 risk-based approach, to evaluate whether vendors that routinely handle PI or PHI have safeguards
12 in place to protect such information and that such vendors will notify Anthem promptly of any
13 potential compromise to the confidentiality, integrity, or availability of PI or PHI held, stored, or
14 processed by the vendors on behalf of Anthem.

15 **C. Specific Information Security Requirements**

16 6. **Data Collection & Retention:** Anthem shall develop, implement, and maintain
17 reasonable policies and procedures governing its collection, use, and retention of PI and PHI.
18 Anthem shall limit its use, disclosure of, and requests for PHI in accordance with the Minimum
19 Necessary Standard, and to fulfill all applicable regulatory, legal, and contractual obligations.

20 7. **Segmentation:** Anthem shall develop, implement, and maintain reasonable
21 policies and procedures designed to reasonably segment the Anthem Network. At a minimum,
22 within ninety (90) days, Anthem shall develop a timetable to implement:

- 23 a. segmentation of its VOIP servers; and
- 24 b. segmentation of its development and production environments.

25 On a semiannual basis, Anthem will report to the Board of Directors regarding the
26 implementation timetable progress, as well as document any significant delays or revisions to the
27 timetable.

28

1 8. **Cyber Security Operations Center (“C-SOC”)**: Anthem shall maintain the
2 existence and operation of its C-SOC or a reasonably equivalent technology. The C-SOC shall be
3 staffed continuously to provide comprehensive monitoring of servers and other technologies to
4 identify improper use of data, including PI and/or PHI. The C-SOC’s analytic capabilities shall
5 be deployed to detect, analyze, and respond to potential and confirmed Security Events.

6 9. **Logging & Monitoring**: Anthem shall develop, implement, and maintain
7 reasonable policies and procedures designed to properly log and monitor the Anthem Network.

8 At a minimum:

9 a. Anthem shall employ tools, such as a Security Information and Event
10 Monitoring solution (“SIEM”) (or a reasonably equivalent technology), among others, to log and
11 monitor network traffic to detect and respond to Security Events.

12 b. Anthem shall take reasonable steps to properly configure, and regularly
13 update or maintain the SIEM (or a reasonably equivalent technology) used pursuant to subsection
14 (a) and shall take reasonable steps to adequately log system activity and identify potential
15 Security Events for review. Using the SIEM (or a reasonably equivalent technology), Anthem
16 shall actively review and analyze in real-time the logs of system activity and take appropriate
17 follow-up with respect to Security Events.

18 c. Anthem shall maintain logs in conformance with industry standards and all
19 applicable laws.

20 d. In addition to the requirements set forth in subparagraphs (a) through (c) of
21 this Paragraph, Anthem shall develop, implement, and maintain defined and specific policies and
22 procedures with respect to logging and monitoring of the internal data warehouse involved in the
23 Data Breach and any database (or set of databases) that collects, processes, transmits, and/or
24 stores PI and/or PHI of similar volume as the internal data warehouse involved in the Data
25 Breach. At a minimum:

26 i. Anthem shall deploy an appropriate database activity monitoring
27 tool or a reasonably equivalent technology in the internal data warehouse involved in the Data
28 Breach and any similar database (or set of databases) that Anthem uses to collect, process,

1 transmit, and/or store PI and/or PHI of similar volume as the internal data warehouse involved in
2 the Data Breach, to the extent it is commercially feasible.

3 ii. The monitoring of such database(s) shall include commercially
4 reasonable query categories available in a database activity monitoring tool or reasonable
5 equivalent issued to the relevant database(s).

6 iii. The monitoring of such database(s) shall be performed by
7 appropriately trained or experienced personnel.

8 e. Anthem shall create a formalized procedure to track Security Events and
9 alerts on privileged user queries on a regular basis and document identified issues and necessary
10 action items.

11 10. **Antivirus Maintenance:** Anthem shall implement and maintain current, up-to-
12 date antivirus protection programs or a reasonably equivalent technology on the Anthem Network
13 components that require antivirus software, which shall be at the highest technical level available
14 within Anthem-approved antivirus products that can be supported on such components, subject to
15 any reasonable and documented security exceptions.

16 11. **Access Controls:** Anthem shall implement and maintain appropriate controls to
17 manage access to and use of all accounts with access to PI or PHI, including individual accounts,
18 administrator accounts, service accounts, and vendor accounts. Such controls shall include a
19 means to regularly review access and access levels of users and remove network and remote
20 access within twenty-four (24) hours of notification of termination for any employee whose
21 employment has ended or any non-associate whose term has ended.

22 12. **Authentication:** Anthem shall implement and maintain reasonable policies and
23 procedures requiring the use of authentication in accordance with industry standards, where
24 commercially feasible, including as appropriate under industry standards, the use of strong
25 passwords, password rotation, and ensuring that stored passwords are protected from
26 unauthorized access.

27 13. **Privileged Account Management:** Anthem shall implement and maintain
28 reasonable controls to secure use of privileged credentials, such as through a Privileged Access

1 Management tool or reasonably equivalent technology that vaults and rotates elevated credentials
2 in places where privileged access credentials are required. Administrators shall be required to use
3 Multi-factor Authentication or reasonably equivalent technology to gain access to their safe
4 within the vault to retrieve their credentials.

5 14. **Remote Access / Multi-factor Authentication:** Anthem shall require the use of
6 Multi-factor Authentication or reasonably equivalent technology for end-user remote access to the
7 Anthem Network that are servers. Additionally, Anthem will require during vendor security
8 assessments business record documentation that demonstrates the vendor deploys Multi-factor
9 Authentication or reasonably equivalent technology for end-user remote access to the Anthem
10 Network via any business-to-business connection.

11 15. **Encryption:** Anthem shall develop, implement, maintain, regularly review, and
12 revise policies and procedures to Encrypt PI and PHI at rest and in transit as reasonable and
13 appropriate, and in accordance with applicable law.

14 16. **Asset Inventory:** Anthem shall develop, maintain, and regularly update a
15 reasonable inventory of the assets that primarily comprise the Anthem Network and assign
16 criticality ratings to such assets, as feasible.

17 17. **Risk Assessments:** Anthem shall develop, implement, and maintain a risk
18 assessment program to identify, address, and, as appropriate, remediate risks affecting its Covered
19 Systems. At a minimum, Anthem shall have an annual risk assessment performed by an
20 independent third party. The assessment shall include assessment of all reasonably anticipated,
21 internal and external risks to the security, confidentiality, or availability of PI and PHI collected,
22 processed, transmitted, stored, or disposed of by Anthem, excluding legal documents and
23 analyses that Anthem reasonably asserts are exempt from disclosure under legally-recognized
24 privilege. Such reports shall be maintained by the CISO and be made available for inspection by
25 the Third-Party Assessor described in Paragraph 28 of this Judgment.

26 18. **Vulnerability Management:** Anthem shall commit to continuing its current
27 practices related to vulnerability scanning or a reasonably equivalent technology and remediation.
28

1 19. **Penetration Testing:** Anthem shall develop, implement, and maintain a
2 penetration testing program designed to identify, assess, and remediate security vulnerabilities
3 within the Anthem Network, which shall include annual external penetration tests or a reasonably
4 equivalent technology and appropriate remediation of vulnerabilities revealed by such testing.
5 Anthem shall develop, implement, and maintain an internal penetration testing program through
6 the use of its Adversary Simulation Team or a reasonably equivalent group, who shall perform
7 biannual internal penetration tests. The reports of such external and internal penetration tests
8 shall be maintained by the CISO for a period of not less than six (6) years and be made available
9 for inspection by the Third-Party Assessor described in Paragraph 28 of this Judgment.

10 20. **Email Filtering and Phishing Solutions:** Anthem shall maintain email protection
11 and filtering solutions for all Anthem email accounts, including email SPAM, phishing attacks,
12 and anti-malware or a reasonably equivalent technology.

13 21. **Employee Training:** In addition to the requirements set forth in Paragraph 5(g)
14 above, Anthem shall conduct an initial training for all new employees and, on at least an annual
15 basis, train existing employees concerning its information privacy and security policies, the
16 proper handling and protection of PI and PHI, and disciplinary measures for violation, up to and
17 including termination. At a minimum:

18 a. Anthem's new employee and annual training shall cover social engineering
19 schemes, such as phishing;

20 b. Anthem shall conduct annual mock phishing exercises and all employees
21 who fail must successfully complete additional training; and

22 c. Anthem shall document such trainings and the results of the mock phishing
23 exercises.

24 22. **Network Sensors:** Anthem shall deploy network sensors or a reasonably
25 equivalent technology to detect attempts to communicate from the Anthem Network to known
26 malicious IP addresses.

1 23. **Endpoint Detection and Response:** Anthem will implement, maintain, and
2 monitor controls designed to provide real-time notification of malicious systems modifications
3 and anomalous systems activity in the Covered Systems.

4 24. **Intrusion Detection and Prevention Solution(s):** Anthem shall develop,
5 implement, and maintain an intrusion detection and prevention solution to assist in detecting and
6 preventing unauthorized access to the Anthem Network.

7 25. **Data Loss Prevention:** Anthem shall develop, implement, and maintain a data
8 loss prevention technology or a reasonably equivalent technology to detect and prevent
9 unauthorized data exfiltration from the Anthem Network.

10 26. **Whitelisting:** Anthem shall implement and maintain controls designed to identify
11 applications permitted to be on the Covered Systems while blocking and/or preventing the
12 execution of unauthorized applications (*i.e.*, applications not on the whitelist) on critical servers.

13 **D. Information Security Program Assessment**

14 27. Anthem shall obtain an initial and annual information security assessment of its
15 policies and practices pertaining to the collection, storage, maintenance, transmission, and
16 disposal of PI and PHI, from an independent third-party professional (“Third-Party Assessor”)
17 within one year of the Effective Date of this Judgment and then once a year thereafter for a total
18 period of three (3) years.

19 28. The Third-Party Assessor must be an organization that employs at least one
20 individual to perform the assessment that is: (a) qualified as a Certified Information System
21 Security Professional (“CISSP”) or as a Certified Information Systems Auditor (“CISA”), or a
22 similar qualification; and (b) has at least five (5) years of experience evaluating the effectiveness
23 of computer systems or information system security.

24 29. Anthem may satisfy the initial assessment by providing a copy of the Assessment
25 Report performed for calendar year 2019 pursuant to the settlement of *In re Anthem Inc. Data*
26 *Breach Litig.*, MDL 2617. For the remaining two assessments, the Third-Party Assessor shall
27 review this Judgment or the Assurance of Voluntary Compliance (“Assurance”) between Anthem
28 and the Connecticut Attorney General with the same Effective Date as this Judgment, as well as

1 the Security Event Report, risk assessments, and penetration test reports provided by Anthem as
2 set forth in Paragraphs 4, 17, and 19, respectively. The Third-Party Assessor shall prepare a
3 formal report (“Security Report”) that shall confirm Anthem’s development, implementation, and
4 maintenance of a written Information Security Program with security controls and processes that
5 meet the requirements of this Judgment or the Assurance related to: segmentation, antivirus
6 maintenance, access controls including privileged access management and multi-factor
7 authentication, vulnerability scanning and remediation, logging and monitoring, encryption,
8 application whitelisting, e-mail filtering, and information system activity review and detection.
9 The Security Report shall also confirm that Anthem has complied with the provisions of this
10 Judgment or the Assurance related to the employment of a CISO or equivalent officer,
11 maintenance of a C-SOC facility, and performance of internal and external penetration tests and
12 information security training. In preparing each Security Report, the Third-Party Assessor may
13 rely on the Assessment Report performed for calendar years 2020 and 2021 for *In re Anthem Inc.*
14 *Data Breach Litig.*, MDL 2617, for security controls and processes addressed by both that
15 Assessment Report and this Judgment or the Assurance.

16 30. The Security Report shall be provided to the Attorney General no later than ten
17 (10) days after its completion. Anthem will also provide the Risk Assessment, as set forth in
18 Paragraph 17, and a SOC 2 Type 2 Assessment, as referenced in Paragraph 32 to the Attorney
19 General on an annual basis during the three-year term.

20 a. Confidentiality: The Attorney General’s Office shall, to the extent
21 permitted by state law, treat each Security Report, Risk Assessment, and SOC 2 Type 2
22 Assessment as exempt from disclosure as applicable under the relevant public records laws.

23 31. Upon receipt of each Security Report, Anthem will review and evaluate whether to
24 revise its current policies and procedures based on the findings of the Security Report. Within
25 sixty (60) days of Anthem’s receipt of each Security Report, Anthem shall forward to the
26 Attorney General a description of any action they plan to take, or if no action is taken, a detailed
27 description why no action is necessary, in response to each Security Report.
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1 **E. Information Security Program Audit**

2 32. Anthem shall provide to the Attorney General an annual SOC 2 Type 2
3 Assessment for calendar year 2019 and then once a year thereafter for a total period of three (3)
4 years. At a minimum, this Assessment shall include the trust service principles of Security and
5 Confidentiality.

6 **V. PAYMENT TO THE STATE**

7 33. Pursuant to Business and Professions Code section 17206, Anthem shall pay the
8 Attorney General the amount of \$8,690,000.00, which shall be allocated and used in accordance
9 with Business and Professions Code section 17206. Payment shall be made by wire transfer to
10 the Attorney General’s Office pursuant to instructions provided by the Attorney General’s Office.

11 **VI. RELEASE AND EXPIRATION**

12 34. Release: Following full payment of the amounts due by Anthem under this
13 Judgment, the Attorney General shall release and discharge Anthem from all civil claims that the
14 Attorney General could have brought under the Consumer Protection Act, Personal Information
15 Protection Act, Security Breach Notification Act, and Health Insurance Portability and
16 Accountability Act of 1996 (“HIPAA”), Pub. L. No. 104-191, 110 Stat. 1938, as amended by the
17 Health Information Technology for Economic and Clinical Health Act, Pub. L. No. 111-5, 123
18 Stat. 226, and any common law claims concerning unfair, deceptive, or fraudulent trade practices
19 based on Anthem’s conduct related to the Data Breach. Nothing contained in this paragraph shall
20 be construed to limit the ability of the Attorney General to enforce the obligations that Anthem,
21 its officers, subsidiaries, affiliates, agents, representatives, employees, successors, and assigns,
22 have under this Judgment. Further, nothing in the Judgment shall be construed to create, waive,
23 or limit any private right of action.

24 35. Notwithstanding any term of this Judgment, any and all of the following forms of
25 liability are specifically reserved and excluded from the release in Paragraph 34 as to any entity
26 or person, including Anthem:

27 a. Any criminal liability that any person or entity, including Anthem, has or
28 may have to the State of California.

1 b. Any civil or administrative liability that any person or entity, including
2 Anthem, has or may have to the State of California under any statute, regulation or rule giving
3 rise to, any and all of the following claims:

- 4 i. State or federal antitrust violations;
- 5 ii. State or federal securities violations; or
- 6 iii. State or federal tax claims.

7 36. Expiration: The obligations and other provisions of this Judgment set forth in
8 Paragraphs 5.b, 7-14, 16, 18-20, and 22-26 shall expire at the conclusion of the five (5) year
9 period after the Effective Date of this Judgment. The obligations and other provisions of this
10 Judgment set forth in Paragraphs 15, 17, 21(a)-(c), 46, and 47 shall expire at the conclusion of the
11 seven (7) year period after the Effective Date of the Judgment, unless they have expired at an
12 earlier date pursuant to their specific terms. Provided, however, that nothing in this Paragraph
13 shall be construed as excusing or exempting Anthem from complying with any state or federal
14 law, rule, or regulation, nor shall any of the provisions of this Judgment be deemed to authorize
15 or require Anthem to engage in any acts or practices prohibited by any law, rule, or regulation.

16 **VII. GENERAL PROVISIONS**

17 37. Meet and Confer. If the Attorney General determines that Anthem has failed to
18 comply with any of the terms of this Judgment, and if in the Attorney General’s sole discretion
19 the failure to comply does not threaten the health or safety of the State of California and/or does
20 not create an emergency requiring immediate action, the Attorney General will notify Anthem in
21 writing of such failure to comply and Anthem shall have thirty (30) days from receipt of such
22 written notice to provide a good faith response to the Attorney General’s determination. The
23 response shall include: (A) a statement explaining why Anthem believes it is in full compliance
24 with this Judgment; or (B) a detailed explanation of how the alleged violation(s) occurred, and
25 either (i) a statement regarding whether the alleged violation(s) has been addressed and how, or
26 (ii) a statement regarding whether the alleged violation cannot be reasonably addressed within
27 thirty (30) days receipt of the notice, but, if (B)(ii) then also a statement (a) indicating whether
28 Anthem has begun to take corrective action(s) to address the alleged violation(s), (b) stating what

1 corrective action(s) Anthem is pursuing, and (c) providing the Attorney General with a reasonable
2 timetable for addressing the alleged violation(s). Nothing herein shall prevent the Attorney
3 General from agreeing in writing to provide Anthem with additional time beyond the thirty (30)
4 day period to respond to the notice referenced in this Paragraph. Nothing herein shall be
5 construed to exonerate any failure to comply with any provision of this Judgment after the
6 Effective Date or compromise the authority of the Attorney General to initiate a proceeding for
7 any failure to comply with this Judgment.

8 38. Any failure by the Attorney General to insist upon Anthem's compliance with any
9 of the provisions of this Judgment shall not be deemed a waiver of any of the provisions hereof,
10 and the Attorney General, notwithstanding that failure, shall have the right thereafter to insist
11 upon the strict performance of any and all of the provisions of this Judgment to be performed by
12 Anthem.

13 39. If any clause, provision, or section of this Judgment shall, for any reason, be held
14 illegal, invalid, or unenforceable, such illegality, invalidity, or unenforceability shall not affect
15 any other clause, provision, or section of this Judgment and this Judgment shall be construed and
16 enforced as if such illegal, invalid, or unenforceable clause, section, or provision had not been
17 contained herein.

18 40. Nothing contained in this Judgment shall be construed to waive or limit any right
19 of action by any consumer, person or entity, or by any local, state, federal or other governmental
20 entity, except as provided by the Release herein.

21 41. Nothing in this Judgment shall prevent or restrict the use of this Judgment by the
22 Attorney General in any action against Anthem for failure to comply with any of its provisions, or
23 in the event that Anthem is in default of any of its terms and conditions. A default on the part of
24 Anthem shall include any material breach of any of the terms or requirements of this Judgment.
25 Nothing in this Judgment shall be construed to (i) exonerate any failure to comply with any of its
26 provisions after the Effective Date of this Judgment, (ii) compromise or limit the authority of the
27 Attorney General to initiate a proceeding for any failure to comply, or (iii) compromise the
28

1 authority of the Court or any other court of competent jurisdiction to impose any applicable
2 remedies for any violation of this Judgment.

3 42. Nothing in this Judgment is intended to be and shall not be construed or deemed to
4 be an admission or concession or evidence of any liability or wrongdoing whatsoever on the part
5 of Anthem or of any fact or violation of any law, rule, or regulation. This Judgment is made
6 without trial or adjudication of any alleged issue of fact or law and without any finding of liability
7 of any kind.

8 43. Anthem hereby acknowledges that its undersigned representative or
9 representatives are authorized to enter into and execute this Judgment. Anthem has been
10 represented by legal counsel and has been advised by their legal counsel of the meaning and legal
11 effect of this Judgment.

12 44. This Judgment shall bind Anthem and its subsidiaries, affiliates, successors, future
13 purchasers, acquiring parties, and assigns.

14 45. Within thirty (30) days of the Effective Date, Anthem will deliver a copy of this
15 Judgment to (a) its Chief Executive Officer, Chief Information Officer, Chief Information
16 Security Officer, and its General Counsel, and (b) its Board of Directors. In the event that any
17 person assumes the role of Chief Executive Officer, Chief Information Officer, Chief Information
18 Security Officer, and its General Counsel, or becomes a member of the Board of Directors and
19 such person has not been previously delivered a copy of this Judgment, Anthem shall deliver a
20 copy of this Judgment to such person within thirty (30) days from which such person assumes
21 such role or becomes a member of the Board of Directors and maintain a record of such.

22 46. With respect to existing subsidiaries and affiliates, which do not yet fall under the
23 definition of Anthem as set forth in Paragraph 2(a), but which are wholly owned and Anthem
24 intends to integrate and operate, Anthem shall within one hundred and eighty (180) days
25 following the Effective Date of this Judgment develop a reasonable and appropriate
26 implementation timetable for those subsidiaries and affiliates to achieve compliance with the
27 provisions of this Judgment. For purposes of this provision, implementation shall mean (i) that
28 Anthem or its subsidiaries and affiliates have taken the relevant measure(s) where technologically

1 feasible and otherwise reasonable, or have taken alternative measure(s) that alone or in the
2 aggregate provide for substantially equivalent security, or (ii) that Anthem or its wholly owned,
3 integrated, and operated subsidiaries and affiliates have developed a reasonable and appropriate
4 plan to evaluate the technological and operational feasibility of the provisions of this Judgment.
5 On a semiannual basis, Anthem will report to the Board of Directors regarding the
6 implementation timetable progress, as well as document any significant delays or revisions to the
7 timetable.

8 47. In the event that (1) Anthem acquires or merges with a subsidiary or affiliate after
9 the Effective Date, (2) the subsidiary is wholly owned by Anthem, and (3) Anthem determines
10 that it intends to wholly integrate and operate that subsidiary following the completion of an
11 integration assessment, Anthem shall have one-hundred twenty (120) days from the date Anthem
12 completes the integration assessment to develop and then implement an integration timetable
13 regarding compliance with the terms of this Judgment. For purposes of this provision,
14 implementation shall mean (i) that Anthem or its wholly owned, integrated, and operated
15 subsidiaries and affiliates have taken the relevant measure(s) where technologically feasible and
16 otherwise reasonable, or have taken alternative measure(s) that alone or in the aggregate provide
17 for substantially equivalent security, or (ii) that Anthem or its wholly owned, integrated, and
18 operated subsidiaries and affiliates have developed a reasonable and appropriate plan to evaluate
19 the technological and operational feasibility of the provisions of this Judgment. On a semiannual
20 basis, Anthem will report to the Board of Directors regarding the implementation timetable
21 progress, as well as document any significant delays or revisions to the timetable.

22 48. The settlement negotiations resulting in this Judgment have been undertaken by
23 the Parties in good faith and for settlement purposes only, and no evidence of negotiations or
24 communications underlying this Judgment shall be offered or received in evidence in any action
25 or proceeding for any purpose.

26 49. Anthem shall pay all court costs associated with the filing of this Judgment.
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1 50. Anthem agrees that this Judgment does not entitle it to seek or to obtain attorneys'
2 fees as a prevailing party under any statute, regulation, or rule, and Anthem further waives any
3 right to attorneys' fees that may arise under such statute, regulation, or rule.

4 51. This Judgment shall not be construed to waive any claims of sovereign immunity
5 California may have in any action or proceeding.

6 52. This Judgment does not constitute an approval by the Attorney General of any of
7 Anthem's past or future practices, and Anthem shall not make any representation to the contrary.

8 53. Anthem shall not participate directly in any activity to form or proceed as a
9 separate entity or corporation for the purpose of engaging in acts prohibited in this Judgment.
10 Anthem shall not knowingly cause, permit, or encourage any other persons or entities acting on
11 its behalf, to engage in practices prohibited by this Judgment.

12 54. Any notices or other documents required to be sent to the Parties pursuant to the
13 Judgment shall be sent to the following address via first class and electronic mail, unless a
14 different address is specified in writing by the party changing such address:

15 For the Attorney General:

16 Yen P. (TiTi) Nguyen
17 Consumer Protection Section—Privacy Unit
18 California Attorney General's Office
19 455 Golden Gate Ave., Suite 11000
20 San Francisco, California 94102-7004
21 Email: TiTi.Nguyen@doj.ca.gov

22 For Anthem:

23 Office of the General Counsel
24 Anthem, Inc.
25 220 Virginia Avenue
26 Indianapolis, IN 46204
27 Tel.: (800) 331-1476

28 with a copy to:

 Craig Hoover
 Michelle Kisloff
 Allison Holt Ryan
 Hogan Lovells US LLP

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555 Thirteenth Street, NW
Washington, DC 20004
Tel.: (202) 637-5600
craig.hoover@hoganlovells.com
michelle.kisloff@hoganlovells.com
allison.holt-ryan@hoganlovells.com

55. This Court retains jurisdiction of this matter for purposes of construction, modification, and/or enforcement of this Judgment.

56. This Judgment shall take effect immediately upon entry thereof.

57. The clerk is directed to enter this Judgment forthwith.

ORDERED AND ADJUDGED at Alameda, California, this ____ day of _____, 2020.

Judge of the Superior Court