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Safeguarding Data Privacy

The Critical Role of Data Privacy in Human Resources

David A. Senter, Jr.

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An Era of Compromise

- Record high in *publicly reported* data compromises
- 78% increase in compromises
  - 16% decrease in victims
- Estimated $188 billion spent on Cybersecurity in 2023

Figure 2 | *Total Compromises, Year-Over-Year*

	Compromises	Victims
2023	3,205	353,027,892
2022	1,801	425,212,090
2021	1,860	300,607,163
2020	1,108	310,235,204
2019	1,279	883,558,186
2018	1,175	2,227,849,622

2023 Data Breaches - By Industry

Top Compromises by Industry

HEALTHCARE	*809 Compromises*
FINANCIAL SERVICES	*744 Compromises*
PROFESSIONAL SERVICES	*308 Compromises*
MANUFACTURING	*259 Compromises*
EDUCATION	*173 Compromises*

Cost of Data Breaches

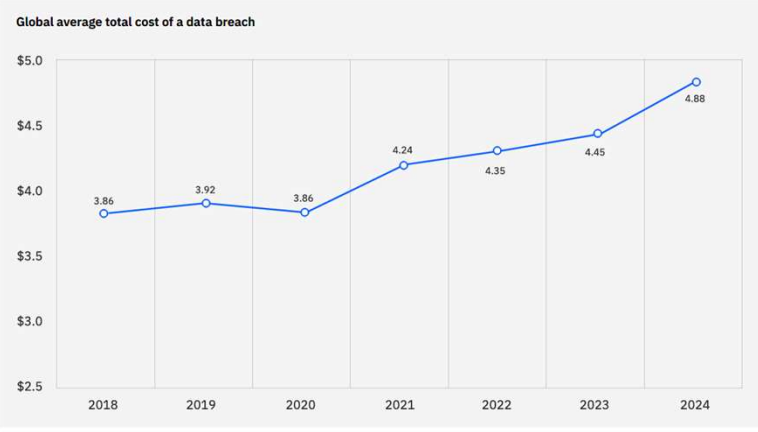

Figure 1. Measured in USD millions

Cost by Industry

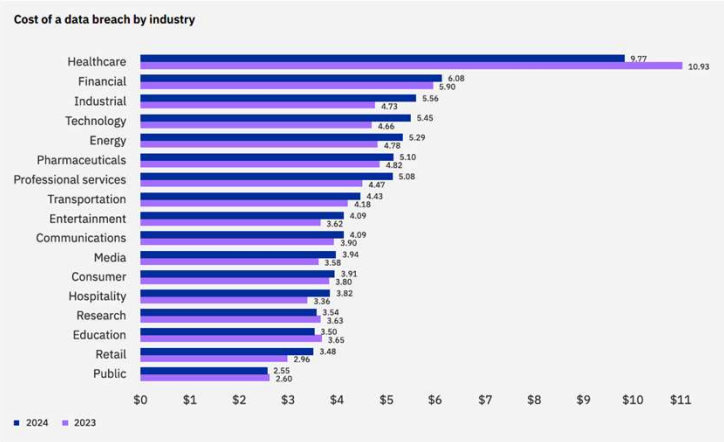

Figure 3. Measured in USD millions

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Why Should Companies be Concerned?

- State Laws
- Federal Laws
- Contractual Obligations
- "Potential" Third-Party Claims
- Publicity
- Reputation
- Consumer and Employee Trust

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Impact to HR Professionals

- Employees (current, former, contract, applicants)
- Deluge of Data and Personal Information
  - Social security numbers
  - Bank and financial information
  - Health information
  - Biometric information

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Impact to HR Professionals

- New Technologies
- Record Retention and Destruction
- Reliance on Others
  - Other departments (IT, Security, Legal, C-suite, etc)
  - Vendors (payroll, benefits, etc)

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FTC - 5 Key Principles - Take Stock

- Know what personal information you have in hard copy and electronic form
  - Inventory system and equipment
  - Track life cycle of data
- Question: What laws require my company to keep data private and secure?

Laws Impacting Employment Data

- State data breach notification laws
  - NC Gen Stat § 75-65
  - CCPA/CPRA
- HIPAA
- ADA
- GDPR
- Vendor Contracts*

5 Key Principles – Scale Down

- Only keep data that for which you have a legitimate business need
  - Principle of least privilege
  - Written records retention policy
- Question: We create a permanent file for all of our current and former employees. As long as it's secure, what's the risk?

5 Key Principles – Lock It (Physical)

- Implement physical, administrative and technical controls to safeguard data
  - Physical
    - Locked rooms and file cabinets
    - Clean workstations
    - Building access controls
- Question: We keep personnel files in a file cabinet in the HR manager's office. The building is controlled by keycard access. Any concerns?

5 Key Principles - Lock It (Administrative)

- Administrative Controls
  - Policies, Procedures, Training
  - Background checks
  - Create “culture” of privacy and security
- Question: Our employees sign a confidentiality agreement and read our employee manual during onboarding. Don’t they have a responsibility to stay up to date on privacy and security matters?

5 Key Principles - Lock It (Technical)

- Technical Controls
  - Secure internet connection
  - Encryption
  - Restrict downloads
  - Strong passwords
- Question: We encrypt employment applications submitted on our website, but de-crypt it once received and email them to branch sites.

5 Key Principles – Pitch It

- Properly destroy what you no longer* need
  - Proportional disposal practices
  - Shred, burn, wipe
  - Work from home policies
- Question: My company throws away information from the personnel file once it is no longer needed. Is that sufficient?

5 Key Principles – Plan Ahead

- Create a plan for responding to privacy and security incidents
  - Investigate immediately
  - Escalate and document internally
  - Is HR at the table?
- Question: I own a small company. Aren't these steps cost-prohibitive?

Questions/Comments

David Senter
dsenter@smithlaw.com

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