

From The Times

October 23, 2009

Zurich insurance loses personal data of thousands of British customers

Miles Costello

Zurich Insurance, the UK arm of the Swiss insurer, admitted yesterday that it had lost a tape containing the confidential personal details of 51,000 of its British customers.

Zurich, which apologised for the mishap, revealed that the tape had been lost more than a year ago while it was in transit in South Africa and is still missing.

The company said that a recent routine check had revealed that the tape was not in a storage centre where it should be kept and its whereabouts remain unknown.

Annette Court, chief executive of general insurance for Europe at Zurich Financial Services, said that regulators, including the Financial Services Authority (FSA), had been told.

She said that the tape, which was being taken from a Zurich office to a secure storage centre, also contained policy details of all its 550,000 customers in South Africa and 40,000 in Botswana. She said that Zurich had called in consultants at KPMG to investigate.

Ms Court admitted that Zurich's security procedures had failed, but she said that the insurer would tighten its internal controls.

Zurich has written to every customer who may have been affected, but Ms Court said that the company had not yet discovered any examples of customers' accounts being tampered with or any of their personal details being cloned.

In some cases, the lost data included bank sort codes and personal contact information, including addresses and telephone numbers.

Ms Court said that data covering both individual customers and small businesses were included on the tape. She described the affair as "unacceptable both for us and our customers".

She added: "A data tape was lost in August last year during a routine transfer. It only came to light in the UK very recently that this was the case. We apologise unreservedly to all our customers, although we have no evidence that any of their details have been compromised."

The lapse at Zurich is the latest to involve confidential customer data stored electronically.

In February 2007, Nationwide, the building society, was fined £1 million by the FSA after a laptop containing confidential customer details was stolen from an employee's house.

Nationwide's control procedures were criticised by the regulator, as was its three-week delay in beginning an investigation.

Also in 2007, Paul Gray, the chairman of HM Revenue & Customs, resigned after two CDs containing the personal and bank details of 25 million people, including almost every child benefit claimant in the country, were lost in the post.

Ms Court emphasised that only general insurance customers, of which Zurich has a total of 4 million in the UK, were potentially affected. She said life policy customers did not need to be concerned.

Nevertheless, the insurer is advising customers to contact their banks to ensure that their account details remain safe.

During the six months to the end of June, 267 complaints were registered against Zurich Insurance, according to figures released last month as part of a new "name and shame" policy by the Financial Ombudsman Service (FOS). Of those, 263 were complaints about general insurance policies.

As far as Zurich's larger rivals are concerned, Aviva Insurance UK generated 669 complaints about general insurance in the same period, while 513 complaints were lodged against Axa Insurance UK, also during the same period, according to the FOS.

The Ombudsman noted that larger insurers would inevitably receive a greater number of complaints.

Zurich is offering to pick up the cost of any ID protection cover that any affected customers might need to take out.

The company has set up a UK helpline for policyholders who may have concerns. The number is 0800 0152183. Customers outside Britain may call +44 1709 764401.

The website zurich.co.uk/id contains further information.

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