



Privacy & Data Protection

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- Three Undertakings involving data security breaches, p.17
- Facebook introduces new location-revealing service, p.18
- Study highlights new 'way in' for hackers, p.19
- Telecoms companies under investigation in Hong Kong, p.20

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Zurich fined record £2.275 million for data breach

The Financial Services Authority has levied its largest fine ever on the UK branch of Zurich Insurance Plc for failing to have adequate systems and controls in place to prevent the loss of customers' confidential information.

Zurich UK had outsourced the processing of some of its general insurance customer data to Zurich Insurance Company South Africa Limited. In August 2008, the contractor lost an unencrypted back-up tape containing the financial personal data of 46,000 policy holders and 1,800 third parties during a routine transfer

to a data storage centre in South Africa. The South African company did not inform Zurich Insurance plc until over a year later. It was at that time that the UK company made confidential disclosures to both the FSA and the Information Commissioner's Office.

Though the fine was in respect of Zurich's breach of FSA rules, the failures are also a clear breach of the Data Protection Act 1998. Breaches of the DPA have been punishable by up to half a million pounds since April 2010.

However, as previously reported (see *Privacy & Data Protection*, Volume 10, Issue 5), the Information Commissioner's Office has already taken enforcement action in respect of the breach before his power to fine came into effect, requiring a formal Undertaking from Zurich. Further, a spokesperson for the ICO has confirmed to *Privacy & Data Protection* that organisations will not usually be fined twice in respect of the same breach.

The FSA has previously fined HSBC, Nationwide and Norwich Union for data losses. Because Zurich had
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Minister indicates privacy law is on its way in UK

A senior government minister has indicated that there is 'consensus' amongst the new coalition government that a privacy law is needed in the UK.

Lord McNally, a Liberal Democrat peer and minister in the Ministry of Justice with responsibility for human rights and civil liberties, said that the government's planned libel reform bill may also cover privacy, and so could be law by 2012.

He said "there has been a general consensus that a new piece of legislation that clarifies, consolidates and removes some of the more dangerous aspects of the way case law has grown up is something that is desirable."

In the absence of a privacy law in the UK, celebrities and athletes have increasingly sought to rely on the European Convention on Human Rights, implemented in the UK as the Human Rights Act 1998, to stop newspapers from

publishing material about their private lives.

The Convention/HRA guarantees the right to a private and family life. Naomi Campbell, JK Rowling, and, most recently, FIA boss, Max Mosely, have all sought to rely on the provision in actions against newspapers, and in the courts, Justice David Eady has repeatedly found for the celebrities.

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