Return to Sender: Aetna to Pay $17M to Settle Claims Related to Vendor Mailer Data Breach



Image by Montgomery County Planning Commission

Aetna has agreed to pay $17.2 million and to implement a “best practices” policy regarding sensitive policyholder data, in order to settle class action litigation brought against it arising from a mass mailing sent by one of its mailing vendors, according to **a post** on the website of King & Fisher.

Eric Begun explains that the newly announced settlement provides some important lessons in contract law, as well as some useful information on data breaches.

The federal class action litigation was brought against Aetna and its mailing vendor in 2017 based on the vendor’s use of glassine envelopes to communicate HIV medication information to Aetna insureds. The envelopes revealed that the named addressee was contacted about options for filling HIV medication prescriptions. The litigation alleged violations by Aetna and its vendor of several laws and legal duties related to security and privacy.

The contract lessons for customers and vendors that arise from the events in question, which were identified in the earlier post, remain the same. Do your contracts for non-IT and non-

healthcare services fully consider the risk of privacy and security litigation? Do your contract's indemnification and limitation of liability clauses contemplate the possibility of class action litigation? Before entering into a contract, have you considered whether the specific vendor services being provided to the particular customer in question implicate laws you hadn't considered? And, have you considered which specific aspects of vendor services may directly impact potential legal liability, and have you adequately identified and addressed them in the contract?

Read the article.