

**STATE OF VERMONT  
DEPARTMENT OF FINANCIAL REGULATION**

IN RE: COUNTRYWAY INSURANCE COMPANY NAIC #10022	) ) ) ) ) )	DOCKET NO. 24-011-I
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**STIPULATION AND CONSENT ORDER**

WHEREAS, the Vermont Department of Financial Regulation (the “Department”) asserts that Countryway Insurance Company (“Respondent”) has violated the Security Breach Notice Act, 9 V.S.A. § 2435, as set forth below; and

WHEREAS, Respondent and the Department wish to resolve these violations without further administrative proceedings or litigation;

NOW, THEREFORE, Respondent and the Department stipulate and agree to the terms and conditions in this Stipulation and Consent Order.

**STATEMENT OF FACTS**

1. Respondent is a foreign insurer with its principal place of business at 12580 West Creek Parkway, Richmond, VA 23238.
2. Respondent’s NAIC company code is 10022.
3. At all times relevant to this matter, Respondent held licenses issued by the Insurance Division of the Department, pursuant to 8 V.S.A. Chapter 101, authorizing Respondent to transact business as a foreign property and casualty insurer in the State of Vermont.
4. In October, 2022, Respondent experienced a ransomware attack. Between October 6, 2022, and October 16, 2022, data files from certain systems in Respondent’s network may have been viewed or downloaded by an unknown actor (the “Data Breach”).

5. Respondent learned of the Data Breach on or around October 11, 2022, from the U.S. Department of Homeland Security through the Cyber Security and Infrastructure Security Agency. Respondent experienced ransomware encryption on certain systems on October 16, 2022.
6. On February 3, 2023, Respondent engaged a third-party vendor to conduct an investigation of the Data Breach.
7. On April 10, 2023, initial results from the vendor's review of the Data Breach were provided to Respondent.
8. On June 12, 2023, Respondent's vendor began a manual review of approximately 512,000 documents identified in the initial results of the investigation. The manual review was completed on August 23, 2023.
9. On August 23, 2023, results of the vendor's manual review were provided to Respondent, and the results included Vermont consumers.
10. On or around November 30, 2023, Respondent completed its review of the data file and source documents to identify duplicate results and determine address information for impacted consumers.
11. On December 19, 2023, Respondent engaged a notification services vendor.
12. On February 15, 2024, Respondent mailed letters to impacted Vermont consumers and notified the Department of the Data Breach.
13. The Data Breach resulted in the unauthorized access and potential downloading of certain files that contained personally identifiable information of Vermont consumers.
14. Respondent determined that 149 Vermont consumers were potentially impacted by the Data Breach.

15. Following Respondent's notice to the Department of the Data Breach, the Department requested additional information from Respondent regarding the Data Breach.
16. Respondent has cooperated with and been responsive to the Department's requests for information and records related to the Data Breach.

### **DESCRIPTION OF VIOLATIONS**

17. The Commissioner of Financial Regulation (the "Commissioner") is responsible for administering and enforcing the insurance laws of the State of Vermont, is authorized to investigate licensees to determine compliance with Vermont law, and is authorized to issue orders imposing remedial actions and civil administrative penalties, pursuant to 8 V.S.A. §§ 11-12, 15, and 3661.
18. Pursuant to 9 V.S.A. § 2435, for any entity regulated by the Department, the Commissioner has the full authority to investigate potential violations of the Security Breach Notice Act, including the power to prosecute and impose remedies for any such violations to the same extent as under Title 8 or any other applicable law or regulation.
19. Pursuant to 8 V.S.A. § 3661, the Commissioner may impose a civil administrative penalty for each violation of law, an administrative rule of the Department, or an order of the Commissioner relating to insurance, of up to \$1,000 for each violation or \$10,000 per willful violation.
20. Pursuant to 9 V.S.A. § 2435(b)(3), any entity regulated by the Department shall notify the Department of any security breach within 14 business days of the date the entity discovers the breach or the date the entity provides notice to consumers, whichever is earlier.

21. Respondent discovered the Data Breach on August 23, 2023, thus, pursuant to 9 V.S.A. § 2435(b)(3), Respondent should have notified the Department of the Data Breach no later than September 13, 2023.
22. Respondent violated 9 V.S.A. § 2435(b)(3) by failing to notify the Department of the Data Breach by September 13, 2023.
23. When Respondent notified the Department of the Data Breach on February 15, 2024, Respondent's notification was 155 days after the deadline imposed by 9 V.S.A. § 2435(b)(3).
24. Pursuant to 9 V.S.A. § 2435(b)(1), any data collector shall notify consumers of any security breach in the most expedient time possible and without unreasonable delay, but not later than 45 calendar days after the discovery of the security breach.
25. Pursuant to 9 V.S.A. § 2435(b)(1), because Respondent discovered the Data Breach on August 23, 2023, Respondent should have notified any affected Vermont consumers of the Data Breach no later than October 7, 2023.
26. Respondent violated 9 V.S.A. § 2435(b)(1) by failing to notify the 149 Vermont consumers of the Data Breach by October 7, 2023.
27. When Respondent completed notifying the 149 Vermont consumers of the Data Breach on February 15, 2024, Respondent's notification was 131 days after the deadline imposed by 9 V.S.A. § 2435(b)(1).

**CONSENT ORDER**

28. Within 30 calendar days of the entry of this Stipulation and Consent Order by the Commissioner, Respondent shall pay an administrative penalty of \$57,750.00. Payment shall be made via wire or check made payable to the "Department of Financial Regulation" and mailed to:

Attn: Cheryl Lancaster  
Department of Financial Regulation  
Docket Clerk  
89 Main Street  
Montpelier, VT 05620-3101

29. Respondent acknowledges and admits the jurisdiction of the Commissioner over the subject matter of this Stipulation and Consent Order.
30. With respect to the facts and violations identified herein, Respondent waives its right to a hearing before the Commissioner or the Commissioner's designee and waives its right to all other administrative or judicial review otherwise available under Vermont law, including the rules of the Vermont Department of Financial Regulation and the provisions of 3 V.S.A., Chapter 25.
31. This Stipulation and Consent Order is entered into solely for the purpose of resolving the violations identified herein, and it is not intended for any other purpose.
32. Respondent understands all terms and conditions in this Stipulation and Consent Order, consents to the entry of this Stipulation and Consent Order, and acknowledges that its consent is given freely and voluntarily and that, except as set forth herein, no promise was made to induce Respondent's consent.
33. Noncompliance with any of the terms and conditions in this Stipulation and Consent Order shall be a violation of a lawful order of the Commissioner and a violation of the laws of the State of Vermont and may result in additional administrative action and the imposition of injunctive relief, sanctions, and additional penalties pursuant to applicable provisions of Title 8, including provisions imposing enhanced penalties for willful violations.

34. Nothing herein shall be construed as limiting the Commissioner's ability to investigate Respondent for violations not resolved herein or to respond to and address any consumer complaints made with regard to Respondent.
35. Nothing herein shall be construed as having relieved, modified, or in any manner affected Respondent's ongoing obligation to comply with all federal, state, or local statutes, rules, and regulations applicable to Respondent.
36. Nothing herein shall be construed as limiting any private right of action a person may have.
37. This Stipulation and Consent Order shall be governed by and construed under the laws of the State of Vermont.

**SIGNATURES**

The terms and conditions set forth in this Stipulation and Consent Order are hereby stipulated and agreed to. I certify under the pains and penalties of perjury that I have taken all necessary steps to obtain the authority to bind Respondent to this Stipulation and Consent Order and that I have been duly authorized to enter into this Stipulation and Consent Order on behalf of Respondent.

COUNTRYWAY INSURANCE COMPANY

By: 

Date: October 18, 2024

Name: Robert F. Brown  
Title: Chief Executive Officer

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The terms and conditions set forth in this Stipulation and Consent Order are hereby stipulated, agreed to, and ordered.

DEPARTMENT OF FINANCIAL REGULATION

By: 

Date: October 28, 2024

Kevin J. Gaffney  
Commissioner of Financial Regulation  
Vermont Department of Financial Regulation