

# Q3 2024 Fiduciary Legal Briefing

## Cybersecurity

An \$8.7 million settlement was reached in the class action lawsuit [\*Sherwood, et al. v. Horizon Actuarial Services, LLC\*](#),<sup>1</sup> filed in the United States District Court for the Northern District of Georgia, Atlanta Division. The case arose from a cyberattack that led to a data breach of sensitive personally identifiable information (PII) held by the defendant. A group of cybercriminals breached two servers of Horizon, an actuarial consulting firm that specializes in multi-employer plan benefits. The class members alleged Horizon failed to reasonably secure, monitor, and maintain the PII provided by its customers and business associates. In December 2023, Horizon modified the initial proposed settlement of \$7.6 million \$8,733,333 and submitted it for court approval. The settlement agreement does not require Horizon to admit to any wrongdoing.

Cybersecurity is of increasing concern for qualified retirement plan sponsors, service providers and participants. The Department of Labor has identified it as an area for potential examination. In lieu of formal regulations, to date the Department of Labor has issued “best practices” for each audience.

[Tips for Hiring a Service Provider](#):<sup>2</sup> This piece helps plan sponsors and fiduciaries prudently select a service provider with strong cybersecurity practices and monitor their activities, as ERISA requires.

[Cybersecurity Program Best Practices](#):<sup>3</sup> This piece assists service providers, like record-keepers, in their responsibilities to manage cybersecurity risks by following these steps.

[Online Security Tips](#):<sup>4</sup> This piece offers plan participants and beneficiaries who check their accounts online basic rules to reduce the risk of fraud or loss.

1. <https://www.classaction.org/media/sherwood-v-horizon-actuarial-services-llc.pdf>

2. <https://www.dol.gov/sites/dolgov/files/ebsa/key-topics/retirement-benefits/cybersecurity/tips-for-hiring-a-service-provider-with-strong-security-practices.pdf>

3. <https://www.dol.gov/sites/dolgov/files/ebsa/key-topics/retirement-benefits/cybersecurity/best-practices.pdf>

4. <https://www.dol.gov/sites/dolgov/files/ebsa/key-topics/retirement-benefits/cybersecurity/online-security-tips.pdf>