

June 30, 2006

TSRI has learned that Medical Excess, LLC, a member company of American International Group (AIG), is sending letters to some employees' homes regarding a theft. You may have already received a letter. The letter states that there was a break in at a Medical Excess regional office and that equipment was stolen, including two computers that contained names, Social Security numbers and birthdates.

Medical Excess sent letters to those individuals whose information they believe may have been on the stolen equipment. Medical Excess mailed letters to more than 925,000 individuals regarding this theft. In total, about 690 brokers and third-party administrators were affected. We have learned that Medical Excess obtained the names, Social Security Numbers and birthdates of certain TSRI employees who had medical coverage in 2004 when our insurance administrator, Principal Financial Group, requested a quote from Medical Excess for excess medical loss coverage on behalf of TSRI.

Similar to reinsurance, excess medical loss coverage protects companies from large fluctuations in medical claims. To receive a quote for this coverage, Principal Financial Group provided TSRI employee information to Medical Excess, including social security numbers and birthdates. The inclusion of Social Security numbers and birthdates was done without TSRI's knowledge and contrary to TSRI's policies. As soon as we learned of this, we immediately obtained assurance from Principal that in the future they will not include social security numbers in information provided when requesting quotes.

It is TSRI's policy to only provide birth date and zip code information for obtaining insurance quotes. Social security numbers, TSRI ID numbers and full addresses are never provided by TSRI in information used to obtain quotes. We do this to ensure that our employee data is de-identified to the greatest extent possible.

The letter from Medical Excess lists several steps to protect yourself against identity theft and other fraudulent misuse of information about you. You may choose to take the steps outlined in the letter. If you have any questions after receiving the letter, you can contact Medical Excess at 877-223-4448. You may also contact the benefits line at ext.4-8487 for further information regarding our process for securing personal information.

We are extremely disappointed that your information may have been compromised. Although Medical Excess is providing certain tools for you to use to protect against identity theft, we are also developing as much information as possible about this incident and will endeavor to keep our employees informed as we receive more information. The following website contains additional information and will be updated as we learn more:

http://www.scripps.edu/hr/benefits/i_forms/medicalexcessinfobreach.html