



Certified Public Accountants

Service Organization Controls (SOC) 3 for Security, Availability, Processing Integrity, and Confidentiality

Independent Practitioner's Trust Services Report

For the Period January 1, 2016 through December 31, 2016



Independent SOC 3 Report for the Security, Availability, Processing Integrity, and Confidentiality Trust
Principles for LegalShield

LEGALSHIELD

INDEPENDENT PRACTITIONER’S TRUST SERVICES REPORT – SOC 3

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SECTION ONE: INDEPENDENT PRACTITIONER'S TRUST SERVICES REPORT

To the Management of LegalShield:
Ada, OK

Scope

We have examined management's assertion that during the period January 1, 2016 through December 31, 2016, LegalShield (the "Company") maintained effective controls over its Legal Services system, based on the American Institute of Public Accountants ("AICPA") trust services security, availability, processing integrity, and confidentiality criteria to provide reasonable assurance that:

- the system is protected against unauthorized access, use, or modification;
- the system is available for operation and use as committed or agreed;
- system processing is complete, accurate, timely, and authorized; and
- information designated as confidential is protected as committed or agreed.

The Company is responsible for this assertion. Our responsibility is to express an opinion based on our examination. The Company's management description of the aspects of the Legal Services system covered by their respective assertion is outlined within the report.

Our examination was conducted in accordance with attestation standards established by the AICPA and, accordingly, included (1) obtaining an understanding of the Company's relevant controls over security, availability, processing integrity, and confidentiality of the Legal Services system; (2) testing and evaluating the operating effectiveness of the controls; and (3) performing such other procedures as we considered necessary during our examination. We believe that our examination provides a reasonable basis for our opinion.

Because of the nature and inherent limitations of controls, the Company's ability to meet the aforementioned criteria may be affected. For example, controls may not prevent, or detect and correct errors or fraud, unauthorized access to systems and information, or failure to comply with internal and external policies or requirements. Also, the projection of any conclusions based on our findings to future periods is subject to the risk that changes may alter the validity of such conclusions.

In our opinion, the Company's assertion referred to above are fairly stated, in all material respects, based on the AICPA trust services security, availability, processing integrity, and confidentiality criteria.

LegalShield's use of the SysTrust for Service Organizations Seal constitutes a symbolic representation of the contents of this report and is not intended, nor should it be construed, to update this report or provide any additional assurance.

SSAE 16 Professionals, LLP

February 1, 2017
Orange, California



SECTION TWO: LEGALSHIELD'S ASSERTION REGARDING ITS LEGAL SERVICES SYSTEM

February 1, 2017

During the period January 1, 2016 through December 31, 2016, the Company, in all material respects maintained effective controls over the Legal Services system, as defined by the 'System Description' attached within the report, to provide reasonable assurance that:

- the system is protected against unauthorized access, use, or modification;
- the system is available for operation and use as committed or agreed;
- system processing is complete, accurate, timely, and authorized; and
- information designated as confidential is protected as committed or agreed.

Further, the Company confirms that to the best of our knowledge and belief, that the controls related to the trust services security, availability, processing integrity, and confidentiality criteria were suitably designed and operating effectively during the period January 1, 2016 through December 31, 2016, to achieve those control objectives. The criteria we used in making this assertion were that:

- The risks that threaten the achievement of the controls related to the trust services criteria have been identified by the Company; and
- The controls related to the trust services criteria would, if operating as described, provide reasonable assurance that those risks would not prevent the control objectives stated in the trust services criteria from being achieved.

LegalShield

SECTION THREE: DESCRIPTION OF LEGALSHIELD'S LEGAL SERVICES SYSTEM

1 Overview of the LegalShield Operations

The goal at LegalShield is to revolutionize the way legal services are delivered in North America by providing access to quality law firms for individuals and families. Everyone deserves legal protection, and with LegalShield everyone can access it.

As a market leader providing legal plans and services since 1972, LegalShield offers family plans, specialized professional and group plans, and business plans through a network of independent law firms under contract with our company. The concept of using Provider Law Firms is unique and innovative. This sets us apart from other legal plans. LegalShield gives their members the ability to talk to an attorney on any matter without worrying about the hourly costs. For a flat monthly fee, they can access legal advice, no matter how traumatic or trivial the issue. That is why, under the protection of LegalShield, our members and their families can live life worry-free, every day, every night, now and forever.

Our corporate operation is headquartered in Ada, Oklahoma with offices in Dallas, TX, New York City and two remote call centers located in Duncan, OK and Antlers, OK. The headquarters facility consists of a 177,000 square foot, state-of-the-art complex that houses all of the operational departments supporting membership application entry and related processing. The facility houses call centers handling customer service for members and associates, including staff responsible for commission payments, receipt of membership fees, general ledger accounting, human resources, internal audit and a department that manages and monitors provider law firm relationships. The IT data center is located in the headquarters facility. LegalShield uses internal IT expertise and follows internal business and IT policies and procedures to support its daily IT administration and service operation.

2 Overview of the System and Applications

System Overview

The System is comprised of the following components:

- **Infrastructure:** The physical and virtual components of a Hybrid Cloud (facilities, server, storage, and networks);
- **Software:** The programs and operating software of a system (systems, applications, and utilities);
- **Data:** The information used and supported by a system (transaction streams, files, databases, and tables);
- **People:** The personnel involved in the operation and use of a system (developers, operators, users, and managers); and
- **Procedures:** The automated and manual procedures involved in the operation of a system.

Infrastructure

LegalShield's technology environment consists of two Mid-Range IBM System i's, one at our primary data center and one at an Alternate Data Center. Data and applications are replicated between the systems. These servers support the core business applications and transactional web site for the company. In addition, there are a number of Windows/Intel servers supporting various ancillary functions such as file and print serving, e-mail, and document imaging. Employees use desktop PC's running Windows productivity applications and System i terminal emulation on a Windows server network.

The infrastructure consists of:

- One Primary Database server and one Backup Database server
- Multiple Web servers
- One Primary Domain Control server and multiple Domain Backup servers
- Avaya Phone Switch
- Security servers are deployed for intrusion detection, centralized logging, application scanning, device scanning and file integrity
- Cisco and F5 Firewalls deployed inline
- inContact Cloud Based Contact Center Solution
- NICE Workforce Management for scheduling and adherence
- NICE – Call logging software for Quality Assurance

Software

We develop business critical System i applications in-house. These applications include member application entry, commissions, cash receipts, credit card processing, electronic bank draft, premium billing, claims, customer relationship management, and the intake management and administration for provider attorneys. These systems are maintained and supported by internal staff and contractors.

Web and mobile applications for associates and members are developed in-house by internal staff and contractors. Associates receive a web site and e-mail hosting service together with a series of front-end applications to support membership sales and recruiting. The member portion of the website shows provider attorney information and identity theft plan information. Members have the ability to update their account information, access certain legal forms and link to a will questionnaire. The applications run on the IBM System i WebSphere Application Server I using a separate partition from the data. Linux servers provide infrastructure support for the extranet. The static corporate websites are hosted in the Amazon cloud.

Data

All information is stored on LegalShield servers located in the United States. Procedural and technical safeguards are in place to protect personal information against loss or theft as well as unauthorized access and disclosure. Information is treated as an asset that must be protected against loss and unauthorized access. Several security technologies are utilized to protect information from unauthorized access inside and outside of LegalShield.

Extended Validation Secure Socket Layer certificates are in use when personal information is uploaded or viewed on our website. Each associate and member has a unique user name and

password that must be entered every time a user logs on to our website. Firewalls and layered security technologies prevent interference or access from outside intruders. The website is hosted on servers located in a secure data center.

LegalShield collects non-public personal information from the following sources:

- Information that is received from applications or other forms such as name, address, social security number, and payment instructions;
- Information that is provided during visits to our web site or calls to customer service representatives
- Information about your transactions with LegalShield, our affiliates or others.

LegalShield does not disclose non-public personal information about our customers or former customers to non-affiliated entities except as described below and otherwise permitted by law. LegalShield may disclose all of the information collected, as described above, to Provider Law Firms and companies that assist us in the servicing or administration of the product that you have requested or authorized.

When information is shared with companies that perform services on the behalf of LegalShield, LegalShield protects against the subsequent disclosure of that information with a confidentiality agreement.

In no event does LegalShield disclose your personal information to companies that will use that information to contact you about their own products or services.

People

Jeff Bell, Chief Executive Officer

Jeff Bell joined LegalShield in July 2014 as Chief Executive Officer. Mr. Bell is recognized as a successful and passionate marketing visionary with an extraordinary corporate leadership portfolio. Prior to joining LegalShield, Jeff was the COO of vRide, a TPG Growth portfolio company, where he oversaw the development of a consumer facing technology platform, and the installation of new ERP systems, leading to significant top-line revenue growth. Previously, Mr. Bell served as Corporate Vice President, Global Marketing, Interactive Entertainment Business (Xbox), for Microsoft Inc. While with Microsoft, Bell enjoyed tremendous success and industry recognition launching/marketing video games like "Halo 3," "Gears of War," and "Rock Band," to name a few. He also served as Vice President of the Chrysler and Jeep Divisions, with oversight of product strategy and marketing efforts with multi-billion dollar budgets and returns. Prior to Chrysler and Jeep, Bell served at Ford Motor Company in the United States, England, and Spain.

Mr. Bell earned a B.A. degree in history & Spanish from Kenyon College in 1984, a M.A. from Johns Hopkins in 1988, and an M.B.A. from The Wharton School in 1989.

Kathy Pinson, Chief Operations Officer

Kathy Pinson currently serves as LegalShield's Chief Operating Officer, working with and supporting all Vice Presidents of LegalShield, coordinating all administrative functions within the home office and field operations. With the company since 1979, Kathy has served with distinction in a number of roles, including Controller, Board Member, Secretary/Treasurer, Vice President of Marketing Administration and Executive Vice President of Operations.

Ms. Pinson is a Certified Public Accountant, and served more than 20 years managing the regulatory compliance division of the company.

Steve Williamson, Chief Financial Officer

Steve Williamson has been with LegalShield for over 12 years. Prior to joining the company, he served as the Chief Financial Officer for Peripheral Enhancements, Inc. from April 1997 to March 2000. Steve served as Director in Charge of Banking Practice for Horne & Company, a public accounting firm, from November 1983 to April 1997. After graduating from East Central University in 1982, he began his career with the international accounting firm KPMG.

Since 2000, Steve has served as LegalShield’s Chief Financial Officer. He is a Certified Public Accountant (CPA) and is a past board member and banking committee chair of the Oklahoma Society of CPAs.

Jack Goldenberg, Executive Vice President and Chief Technology Officer

Jack Goldenberg joined LegalShield in January 2015 to establish and lead the company’s technical vision and development, including strategy for technology platforms and partnerships. In his previous career, he served Meredith Corporation as Senior Vice President and Chief Technology Officer for the National Media Group. In this role, Jack managed the delivery of Meredith Digital Tablet editions for all of the Meredith Magazine brands, including interactive editions for *Better Homes and Gardens*, *Parents*, *Fitness*, and *Family Fun*. Prior to Meredith, Jack served as Chief Technology Officer for Enterprise Media Group at Dow Jones and Company. He was responsible for delivering the innovative Dow Jones Investment Banker and Dow Jones Adviser digital products. His background also includes serving as the Senior Vice President, Content Technology for Thomson Reuters/Thomson Financial. Under his leadership, Thomson Reuters was able to implement new technology to streamline the data acquisition and delivery process resulting in faster and more reliable delivery to the customer.

Mr. Goldenberg holds a bachelor’s degree in Professional Science from C.W. Post University. He also served as a Board Member for the Des Moines Playhouse, a nonprofit organization, from 2011 through 2014.

Procedures

LegalShield has a series of procedures to setup new member and group accounts that use its legal services and identity theft products, including:

- Setup new member accounts based on the type of plan purchased;
- Setup secure data transfer for group accounts; and
- Setup individual authorized member users and group accounts for their web platform.

Once new member accounts have been established within the system, the following activities occur to ensure services are performed accurately, completely and timely:

- Member Services Representatives answer calls from members about services;
- Quality assurance reviews Member Services calls; and
- Provider Services Representatives help members with complaints and referrals.

The system has statistical information management tools for recording all services during the circle of the process workflow, including the services volume, services turnaround time. Additionally, the system has built-in audit trails for tracking all information alteration or correction activities. All system informational changes performed are recorded by the system with a time stamp.