

Dealing with Identity Theft

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IDENTITY THEFT can happen to anyone at any time, and can be devastating, both emotionally and financially. Helping clients understand how to deal with identity theft is another value-added service of the professional insurance agent.

According to the Bureau of Justice Statistics, in 2012, over 16.7 million U.S. residents aged 16 and over (7% of that population) were victims of identity theft. Existing bank accounts and credit cards were the most targeted sources of the fraud. Identity theft costs individuals more than all other types of theft combined - over \$24.7 billion in 2012. The average direct financial loss is \$9,650. More important than the direct loss can be the damage to credit scores and reputation, which could result being denied credit, or paying higher insurance rates. Resolving an identity theft problem can be time consuming. 29% of victims spent a month or more trying to restore their identity. (www.bjs.gov)

Credit reports should be checked regularly. Each of the three nationwide credit companies (Equifax, Experian and Transunion) offer one free check per year. It is a good idea to stagger requests throughout the year, and not get all three reports at once. When identity theft is suspected, an initial fraud report should be filed with one of the three companies. They will notify the other two. Once this is done, the victim is entitled to a free report from each of the credit companies, even if they have already had their free report for the year. Each credit company should be asked to place a fraud alert in the victim's file. This will provide added protection

should someone try to uses the victim's identity again. The fraud alert is good for 90 days, but can be renewed.

The Federal Trade Commission offers an online complaint report. (www.ftccomplaintassistant.gov.) The report can be used when filing a police report, or dealing with debt collectors or other companies who may have extended credit to the thief. It can also be used to place an extended fraud alert with the credit reporting agencies.

Any time fraudulent charges are found on credit reports or on bank or credit card statements, the companies involved should be notified immediately. When dealing with identity theft, it is important to keep records of correspondence and phone calls. Letters should be sent via certified mail. Unfortunately, the burden of proof of innocence is usually on the victim.

There are different types of identity theft. The less intrusive type is when someone uses existing accounts, such as a bank account or credit card, to purchase items fraudulently. The second, more damaging type, is when a person's identity is used to set up new accounts and apply for credit or a mortgage. Each year there are numerous cases of people filing fraudulent tax returns using others' identities. (www.irs.gov)



Assistance in correcting and restoring credit is available to victims. Many companies offer identity theft recovery services. A major benefit of some of these programs is that they will perform the time consuming legwork involved. Many insurers offer coverage as an option on a homeowners or tenants policy. Identity theft services coverage is also available on a standalone basis.

Identity theft is a scary and stressful event. Helping clients navigate the road to recovery is another sign of the true insurance professional.

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