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Identity theft services emerge as a new employee benefit

By Kathy Gurchiek

The commercial depicting a hair stylist whose stolen credit card was used to fund the thief's hair plugs, body wax and Tijuana singles weekend may seem humorous, but identity theft takes a toll on victims' time, peace of mind and finances. Some businesses are starting to take note, offering their employees a relatively new benefit—identity theft services.

That's what SRP in Arizona, the nation's third-largest public power and water utility, did for its 4,500 employees beginning July 1. It had noticed that a number of workers were contacting its security services weekly for help dealing with stolen credit cards and lost wallets, said Leo Elias, SRP's manager of benefits and help services.

Arizona has the country's highest per capita rate of identity theft-related complaints—credit card fraud is the No. 1 type of identity theft there. Mail theft and a lost or stolen wallet or purse are the most common methods used to steal an identity, the Federal Trade Commission (FTC) says.

SRP also had been the victim of two security breaches Elias characterized as “minor”: a file stolen from a truck and the theft of a contractor's computer containing sensitive information such as Social Security numbers.

While victims bear only a small percentage of the cost of identity theft, says the FTC in a survey report, a Nationwide Mutual Insurance Co. survey in June found that 16 percent of adults polled had to pay for some or all of the thief's purchases.

Victims spend an average of 81 hours trying to undo the damage, according to Nationwide, and 28 percent of those polled had been unable to restore their identity despite averaging more than a year trying to do so.

“Does [providing the benefit] help in lost time and productivity? Absolutely,” Elias said. “But it really just provides the security [for employees who know that] someone is there to help.” It's important to communicate the benefit well to employees so they know how it works, he said.

While identity theft services cut down on lost productivity and give employees peace of mind, using a provider to handle employees' identity theft also means increased retention and can mitigate the risk and impact of class-action lawsuits if the security breach was work-related, said Mark Pribish, senior vice president in Arizona at Aon Risk Services Inc., an insurance brokerage that has researched this benefit for clients.

Some businesses offer identity theft services as a 100 percent company-paid benefit; others provide a component as a paid company benefit and offer other elements, such as education and insurance, as discounted benefits, he said.

SRP, which will receive quarterly reports on how much the benefit is used, pays about \$50 per year per employee for the benefit. According to Pribish, the price for employers can be as low as 75 cents per employee per year.

It depends on how the benefit is configured, such as whether a co-pay is involved, the economies of scale, and what the benefit offers, he says, noting that a typical identity theft program has five parts:

- Access to credit reports.
- Daily fraud monitoring and weekly alerts; clients receive an e-mail alert when there is unusual or suspicious activity on the account, such as a new address or a new open loan.
- Education: statistics, data breaches, tips on being proactive and on how to solve your identity theft problem.
- Insurance reimbursement; this can cover such things as legal expenses, lost wages and mailing something overnight to a creditor. Most comprehensive programs have reimbursement ranging from \$5,000 to \$25,000, Pribish said.
- Resolution or restoration services. Resolution is the bank reimbursing funds racked up fraudulently on a stolen debit card, Pribish said, while restoration involves repairing damaged credit resulting from identity theft.

The three credit bureaus, Equifax, Experian and TransUnion, will begin providing consumers one free credit report per year upon request, and—for a price—they offer \$25,000 insurance coverage, 24/7 toll-free access to identity theft specialists, and e-mail alerts within 24 hours if a person's record changes.

But identity resolution or restoration is the single largest component to an identity theft services benefit and requires the most review and understanding, Pribish said.

Most providers of identity theft services offer “assisted resolution/assisted restoration,” he said, which involves providing an 800 number that an employee calls for form letters, advice on filling out a police report, and help communicating with creditors and credit reporting companies, with the employee doing most of the work, Pribish said.

“Managed resolution/managed restoration” uses a specialist who is granted limited power of attorney to do the work for the victim.

SRP's four-pronged benefit consists of consumer education, credit services, fraud monitoring and a resolution service whose vendor offers one-on-one guidance to employees who call for help in restoring their credit. The vendor makes some of the calls for them, Elias

said.

“You need to be a smart shopper in what you’re paying for,” he warned. Benefits costing on the low end help employees get their identity back, he said, “but we found there were just one or two companies that provided the extensive consumer education, the credit services, the fraud monitoring services” that SRP was interested in offering.

“You need to do your due diligence and find a reputable organization,” he said.

What to look for

“This is such an emerging market,” said Aon’s Pribish. “Twelve months ago you had eight, maybe nine companies offering some identity theft products, and within 12 months you have over 50.”

HR professionals can start the search by contacting their existing benefits vendors and benefits consultants. They should consider the following when researching providers of identity theft services, Pribish advised:

- How long has the company been in business? The answer, he said, should be at least two years. Otherwise it has not been around long enough to have experience working through a complex resolution case.
- Is the service managed or assisted?
- Does it use former identity theft victims as resolution experts?
- Does it operate a hotline that takes calls 24 hours a day, 365 days a year?
- Does it have attorneys and investigators on staff or on retainer to assist with the most complex cases of identity theft? While many cases can be handled with calls and correspondence, there are a growing number of felony-related cases, he said.
- What is covered? It’s important to know whether the program covers cases of identity theft not related to credit cards, loans and bank activity, Pribish said.
- Does it include family benefits? Four percent of children age 18 and under are identity theft victims, Pribish said. If children are covered, what is the age cutoff and what exclusions are there? For example, are they covered if they live away from home?
- Ask for client references.

Said Pribish, “Companies have a unique opportunity to provide their employees with a consumer risk-managed benefit with real value that is cost-effective.”

Kathy Gurchiek is an associate editor at HR News. She can be reached at kgurchiek@shrm.org.