

Who Wants to Be You? Identity Theft a Common Risk for Consumers

Nine million. That's how many Americans have their identities stolen each year, estimates the Federal Trade Commission.

From January 2005 until October 2007, a staggering 215 million personal records were breached, reported the Privacy Rights Clearinghouse. The FTC noted that, in half of the criminal incidents in 2005, thieves obtained goods or services worth \$500 or less. In 10 percent of cases, thieves stole at least \$6,000.

ID theft has only been a crime since 1998, when Congress passed the Identity Theft and Assumption Deterrence Act, but it's escalated as a problem. Not only do criminals use identity theft to steal assets, they also commit crimes in the name and character of the victim.

The FTC urges a "deter-detect-defend" approach to battle ID theft, which costs consumers and businesses plenty of money and time. Deterring means safeguarding personal data to make it harder to steal and misuse. Detecting means monitoring and becoming aware of irregularities that indicate data has been stolen. Defending means reporting the crime and then taking steps to regain data security, recover stolen assets and fix misused information.

Identity theft criminals commonly use six methods to steal consumer and business information:

1. "**Dumpster diving**" for papers with personal information
2. "**Skimming**"—stealing credit/debit card numbers when a card is processed
3. "**Phishing**"—pretending to be a financial institution or company and sending spam e-mail messages to get people to reveal personal information.
4. **Changing an address** by completing a change of address form to divert bills to a criminal's location.
5. **Stealing wallets, mail, checks, employer personnel records** and other paperwork—through breaking-and-entering physically or electronically or bribing employees who have access to information.
6. "**Pretexting**"—using false pretenses or tricks of social engineering to obtain personal information from consumers, financial institutions, telephone companies and other sources.

Identity theft robs a victim of time that must be urgently spent to alert police, credit bureaus, financial institutions, medical providers and others. A victim has to prove an identity loss or financial loss; close accounts; write letters to government entities; and even work with a legal advocate to recover and rebuild a stolen identity.

Likewise, the costs for legal fees can quickly add up and overwhelm a stressed victim. The loss of work time also can be costly, at the very time when financial resources are under attack by a criminal.

Personal and business insurance can play a key role in the “defend” stage of the identity theft battle. Insurers offer services to help consumers and businesses report identity theft and recover from it. Sometimes these services are included as part of a homeowners insurance package or even a business insurance package; the cost may be included or additional.

An identity recovery package may include reimbursement of legal fees related to identity theft, as well as costs of credit reports and postage, phone, shipping fees, lost wages and child/elder care for those forced to spend time away from family to resolve the situation. The ID package also might include a limited benefit for mental health counseling for crime victims.

The first step in checking on whether you’re covered for identity theft? Contact Peck-Glasgow Agency.

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