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Services Helping Victims of Identity Theft: Value-Added Benefits to Distinguish Your Company

By Sadaf Siddiqui - Director, Legal and Compliance, DMC Solutions

Fraud and identity theft is on the rise. Particularly given the global economic recession, experts predict that "cybercrimes", including identity theft and fraud, will continue to dramatically increase.¹ With such a prediction on the horizon, many organizations are looking at ways they can provide cost-effective resources to strengthen relationships with their employees, customers, and business partners.

Last year, nearly 10 million American victims lost \$48 billion as a result of some kind of identity fraud. This amounts to 22% more victims in 2008 than there were in 2007 and an increase in losses to \$48 billion in 2008 following three straight years of declines.² The trend is similar north of the American border. Last year, in Canada, an estimated 1.7 million Canadian adults were the victims of some kind of identity fraud. That amounts to almost 6.5% of the adult Canadian population. It is also estimated that these victims spent approximately 20 million hours and a staggering \$150 million plus to resolve problems associated with these frauds.³

We have all heard about identity theft, but this can't really happen. Or can it?

Take for example the incredible story of Michelle Brown, a victim of identity theft, who testified before a United States Senate Committee Hearing on Identity Theft: "...over a year and a half from January 1998 through July 1999, one individual impersonated me to procure over \$50,000 in goods and services. Not only did she damage my credit, but she escalated her crimes to a level that I never truly expected: she engaged in drug trafficking. The crime resulted in my erroneous arrest record, a warrant out for my arrest, and eventually, a prison record when she was booked under my name as an inmate in the Chicago Federal Prison."⁴

A number of recent, local cases of identity theft have received media attention, including a series of home theft/mortgage fraud cases. Thieves used the forged signature of Susan Lawrence, a Toronto widow, to fraudulently purchase her house from her, then put a new mortgage on the property for almost \$300,000. They pocketed the money, defaulted on the mortgage and disappeared, leaving Ms. Lawrence facing possible eviction. Elizabeth Shepherd is another such victim. When she rented her furnished home to fraudsters, they created a phony "Elizabeth Shepherd" who sold the home to an accomplice. The accomplice took out a \$250,000 mortgage, defaulted, and disappeared. And of course, there is the 89 year old Paul Reviczky who rented his Toronto home to a couple who forged his signature on a power of attorney and sold his home for \$450,000. The innocent buyer took out a mortgage of \$337,500 to buy the house, and the couple disappeared leaving the thorny question of who legally owns the house: the 89 year old owner whose identity was stolen or the innocent buyer who paid \$450,000 for the property.⁵



And then of course we have the case of the 120 Ajax, Ontario residents whose mail, including cheques issued by the Government of Canada, insurance companies and other businesses, was stolen by their postal worker. The cheques were fraudulently cashed at numerous banks in the Toronto area, for a total loss of over \$477,000.⁶

Unfortunately, there is no absolutely secure way to safeguard personal information against fraud. Although we can minimize the risk of identity theft by following simple tips, such as protecting passwords, shielding personal identification numbers, and shredding documents containing personal information, we need to bear in mind that identity thieves are becoming more sophisticated in their techniques every day and there are many situations outside our control that can put our personal information at risk: things like corporate security breaches, inadequate protection of government lists and employee theft.

Victims of identity theft are oftentimes left to take on the lengthy and time-consuming process of rectifying their identities: they must get in touch with a litany of contacts including their financial institutions, local police, credit reporting agencies, Canada Post (if mail is missing), government offices (for drivers' licenses, health cards, passports, birth certificates, and social insurance numbers), as well as all companies that opened fraudulent accounts in the victim's name. The phone calls, follow up calls, completion of forms, correspondence exchange, visits to these organizations (such as the bank and government offices), etc. may take a victim several hundred hours to several years. And of course, there are the out-of-pocket costs involved ranging from fees to replace identification, costs associated with having to take time off work, travel and parking costs, and potentially, legal fees.⁷

Thankfully, there are some commercial services that can offer some assistance, many of which are available as value-added benefits through memberships, credit cards and accounts with financial institutions, retailers, insurance companies, affinity groups, and employers:

- **Card and Information Registry:** A member registers all credit, debit and retail cards and other important personal data (such as drivers' license, health card and passport numbers, insurance policies, and serial numbers of valuables). In the event of a lost or stolen wallet or purse, the member only needs to advise the Registry service provider, who would then notify all registered card issuers on the member's behalf to cancel and reissue the cards. Additionally, the Registry is also a way to centralize the member's information so that in the event that the member becomes a victim of identity theft, the member's information is readily accessible to him/her, giving the member the ability to quickly contact all companies and government offices.
- **Identity Theft Telephone Assistance:** In the event that the member becomes a victim of identity theft, the assistance provider may offer advice on identity theft preventions, answer the member's questions concerning identity theft, and provide assistance to help the member recover his/her identity.
- **Credit Bureau Alerts:** Credit alerts are provided to the member to warn of activity received by the credit bureau under the member's name. For example, if someone takes out a credit card or loan in the member's name, a credit alert would be issued when the individual applies for that credit card or loan. If the member, however, becomes a victim of identity theft, the member would still be need to take action to resolve the problem



- Identity Theft Insurance: This insurance coverage reimburses the member if he/she becomes a victim of identity theft and has incurred certain expenses, such as out-of-pocket costs, lost wages and legal costs, to rectify the damage to the member. However, as a victim, the member still needs to resolve the damage on his/her own.
- Identity Restoration: In the event that a member becomes a victim of identity theft, this service provides the member with trained experts to help restore his/her name and credit. Acting on the member's behalf, the service provider will send fraud alert notifications to credit bureaus and, if necessary, work with law enforcement agencies, government departments, institutions and creditors on the member's behalf to restore his/her identity. In other words, these trained experts do the work for the member, saving time, money and aggravation.⁸

As a result of the lagging economy, many businesses are looking at ways to cut costs by paring down health benefits for employees, reviewing the value of relationships with business partners, and looking for ways to maintain customer loyalty. With a whole suite of value-added, yet cost-effective, commercial services available in today's marketplace, organizations should continue to examine these new-era products to set themselves above and apart from their competition.

1. Identity theft hits record 10M Americans (www.money.cnn.com) Feb.9, 2009 <http://money.cnn.com/2009/02/09/news/newsmakers/identity_theft.reut/>.
2. Identity theft hits record 10M Americans.
3. Susan Sproule and Norm Archer, Measuring Identity Theft in Canada: 2008 Consumer Survey (McMaster eBusiness Research Centre, July 2008) <www.merc-mcmaster.ca/working-papers/measuring-identity-theft-in-canada-2008-consumer-survey/>.
4. U.S. Senate Committee Hearing on the Judiciary Subcommittee on Technology, Terrorism and Government Information -- "Identity Theft: How to Protect and Restore Your Good Name" July 12, 2000 <www.privacyrights.org/cases/victim9.htm>.
5. Harold Levy, When a house is not a home (Toronto Star, August 26, 2006) <www.thestar.com/printArticle/144240/>.
6. Tamsyn Burgmann, Mail carrier charged in \$477K cheque fraud (Toronto Star, February 26, 2008) <www.thestar.com/printArticle/307057/>.
7. Sproule and Archer.

For more information on these services please visit DMC Solutions™ at www.dmc.ca. DMC Solutions™ is a third party administrator of niche insurance, warranty and inclusive credit card programs and also provide, manage and administer niche products and services to the customers, members and employees of financial services companies, credit card issuers, affinity groups, insurance companies and employers. or how you can receive the benefits of Card and Information Registry, Identity Theft Insurance or Identity Theft Restoration, contact Jean Hervieux at DMC Solutions at jhervieux@dmc.ca or (905)305-4251.