

## Employers offering ID theft protection as voluntary benefit

KAREN PALLARITO Issue February 09, 2009

### Legal service plans also becoming more common choices

Reacting to national crime statistics and marketplace demand, many group life insurers and legal service plans are offering identity theft protection as a voluntary employee benefit, experts say.

ID theft protection began turning up in voluntary benefits plans about five years ago. It's typically bundled with other types of coverage or offered as a rider, but it also may be sold as a stand-alone product.

The Society for Human Resource Management's 2008 Employee Benefits Survey showed that 24% of employers offered legal assistance among other voluntary benefits, down from 33% in 2007 and 27% in 2006. However, some legal plan providers say a rise in inquiries and sales seems to indicate renewed employer interest.

Anecdotally, marketing each year, we get more and more requests from sponsors who are looking at an overall legal plan and want to make sure we include identity theft," said Marcia Bowers, marketing director in the Cleveland office of Hyatt Legal Plans, a MetLife Inc. company. "That seems to have a lot of curb appeal these days in addition to all the traditional things that are included in a legal plan."

Stephanie Ward, VP-account management at Corporate Synergies Group Inc., a Mount Laurel, N.J.-based health insurance broker and consulting firm, said she may have had just one or two clients with ID theft protection coverage three years ago. "Now it's something we are including in all of our proposal information," she said.

While identity theft protection is a service to workers, employers also benefit from helping workers reduce time spent trying to restore their credit, Ms. Ward said.

While all types of employers are offering it, financial, medical and security firms "have a heightened awareness" of the risk because the industries are popular targets for identity theft-related crimes, said Rob McGinnis, president and chief executive officer of Marsh Inc.'s U.S. consumer business.

Some 8.3 million U.S. residents—or 3.7% of all adults—were victims of identity theft in 2005, according to the latest Federal Trade Commission data. At least half of the incidents involved the theft of \$500 or less of goods and services; however, thieves perpetrated crimes costing at least \$6,000 in 10% of the cases. In more than half of the cases, the victims incurred no out-of-pocket expense. Others weren't so lucky, with 10% reporting expenses of \$1,200 or more.

Identity theft cannot be prevented, so it's best to work quickly to minimize the damage, experts say. While some service providers check an employee's credit status and monitor it over time for suspicious activity, others begin providing assistance when the employee suspects trouble.

Victims of ID theft sometimes spend hundreds of hours trying to resolve problems that arise when their name, Social Security number, credit card numbers and other financial information are used to

commit fraud. ID theft protection services can provide counselors to walk victims through the process. But the breadth of so-called "restoration" services varies widely. Some services provide access to network attorneys, but few reimburse for losses incurred, providers said.

In a soon-to-be-released national consumer survey, 34% of employees cited identity theft as a top personal finance event in which they were personally concerned from a legal standpoint, according to ARAG North America Inc., a Des Moines, Iowa-based legal insurance provider. Such worries, compounded by the nation's fragile economic health, are bound to fuel continued interest in ID theft protection, experts say.

"When the economy goes bad, typically we see crime go up," said Michael McCoy, a consultant to Pre-Paid Legal Services Inc. in Des Moines, Iowa, and co-author of "The Silent Crime: What You Need to Know About Identity Theft." The thieves are getting smarter, too, he said. Instead of robbing banks, they're hacking into computers and they're grabbing purses for more than the cash.

"You might have a hundred bucks in there, but I just made several thousand from stealing your identity," Mr. McCoy said.

Providers cited prices for employees ranging from lows of \$8 to \$16 per employee per month to highs of \$23 to \$26, depending on the employer's size, demographics and range of services in the policy. The higher-priced products often include other legal services, such as will preparation. While most of the business is employee-pay only, some employers share the cost.

Libertyville Savings Bank in Fairfield, Iowa, for example, provides full coverage of legal services, including identity theft, to its 32 employees at an annual cost of roughly \$5,000, said CEO Jill Burnett.

ARAG President and CEO Cameron Sutton said he would advise employers to take a thorough look at what's covered.

**"It might be for a few extra dollars extra you'll be able to get a lot more coverage, including legal insurance, as opposed to just one element—identity theft," Mr. Sutton said.**