

Employee Benefit ■ Plan Review

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■ **COLUMNS**

FROM THE EDITOR

Steven A. Meyerowitz

ASK THE EXPERT

FROM THE COURTS

Norman L. Tolle

INDUSTRY UPDATE

News
Transitions
Publications, Etc.
Calendar

■ **FEATURE ARTICLES**

Feature

Influenza Season: Companies Need to Be Prepared
for a Possible Pandemic Strain of Flu

Elaine Mischler and Fred Volkman

Focus On... Benefits

Deluged with Rising Fuel, Commuting, and Benefits Costs,
Employers and Employees Seek Out Commuter Benefits
As a New Way to Save

Larry Filler

Access to Financial Advice in the Workplace:
Employers Accepting the Challenge

Anthony J. Nugent

Identity Theft Protection As an Employee Benefit

Guillaume Deybach

Group Dental Discount Plans:
It's Not Insurance—It's Better

Brian Watts

Tiered Profit-Sharing Plans

Baylis Resnick

Employee Benefits of the Future

Melissa Proffitt Reese, Linda Rowings, and Tiffany Sharpley

Identity Theft Protection As an Employee Benefit

GUILLAUME DEYBACH

According to the Federal Bureau of Investigation, identity theft costs U.S. businesses and consumers a combined \$50 billion annually, not to mention countless hours of stress and anguish for approximately 10 million victims each year. The problem is not going away, and criminals are devising new and deceiving ways to use others' identities to their advantage.

No one is safe. One might think of a perfect stranger as the typical culprit for identity theft; but all too often a victim may know his perpetrator casually or intimately. Ex-spouses are exacting revenge on their former significant others by opening up credit card and banking accounts or even obtaining mortgage loans in their ex's name.

Employees are no longer safe among their colleagues either. A study by Michigan State University found that 51 percent of identity thefts are initiated in the workplace when an employee heists personal data on record—a trend raising liability concerns for the corporation, which must protect that information from such criminal activity.

WHEN THE DAMAGE IS DONE

The majority of ID theft victims will not discover they have been impacted until after some extent of damage has already been done. With the onslaught of junk mail that Americans receive each day, many won't think twice before tossing an unopened envelope from a bank with which they've never done business. If they are prescient enough to take a peek, they might uncover a statement in their name with numerous charges placed across the country. Catching it early enough can make a world of difference, but too often that's not the case.

Those less fortunate may be notified by collections agencies or by the police. They may have warrants out for their arrest. A victim may even face sudden termination by an employer or denial of a job position after the boss or hiring manager uncovers falsified public records in his or her name, leading the employer to believe it has a convicted felon on its hands.

The combination of individual threat and business liability is compelling many companies to consider adding identity theft protection to

their package of employee benefits. A closer examination of the personal and business impact of identity theft reveals why it is a growing concern among corporate benefits executives.

HOURS AND HOURS

No matter how a victim discovers he or she has been hit by this terrible crime, the victim is going to inevitably lose money and time. An identity theft victim will spend as much as 600 hours over a span of months to years rectifying issues related to an isolated case.

Those 600 hours are a huge concern for both corporate managers and benefits executives. Identity theft-related customer service at the credit card companies and credit reporting bureaus is often only offered "during regular business hours." So individuals often must take time during their workdays to resolve these issues, thus diminishing their productivity and possibly resulting in lost wages.

Not to mention the personal anxiety that accompanies identity theft—the impacts of which can sometimes take up to a year or more to resolve. The ID Theft Resource Center has attested that the emotional impact can be similar to that of victims of violent crimes, including assault, battery, and rape. Victims feel ashamed and defiled. The emotional distress often impacts their personal lives, leading to domestic problems, divorce, and even suicide in some extreme cases.

Inevitably, such trauma will pervade every aspect of a victim's life—including the victim's professional career. Employers are learning that the impact of this crime on their businesses is inescapable, and the government is recognizing the need for laws and regulations to help prevent the loss and theft of personal data and to hold corporations liable for the protection of such information.

One widely known real-world illustration of the potential havoc that can be caused by misplaced or stolen data arose when an employee from the U.S. Department of Veterans Affairs took home 26 million personal records on a laptop, which was subsequently stolen from his home. Corporations have not been immune to the threat either. LexisNexis, Bank of America, and others have fallen victim to security breaches among many others.

Legislators have taken action against the rising threat of data theft and security breaches. Michigan was the first state to pass a law requiring employers to implement policies geared toward securing employee Social Security numbers. According to the National Conference of State Legislatures (NCSL), similar legislation was introduced in 31 states during 2006 and has already been enacted in at least 12 states. California was the first state to pass a law requiring notification of all affected parties when a data security breach has occurred involving their personal information.

Other laws and court decisions continue to unfold across the country, making companies increasingly liable for the security of employee and customer information and

personal data, and increasingly conscious of the threat of related financial and productivity losses.

CONCLUSION

The combination of productivity losses and increased employer liability are causing companies to consider identity theft protection for their employees a worthwhile investment. Not only does it bring peace of mind to employees, but it can also allow employers to be a clear part of the solution to this growing problem.

For the victims' employers, this initiative can mean a world of difference. Much of the emotional and functional weight is lifted off the shoulders of employees, and they are able to focus more productively on their work and personal lives.

Most of us have either ourselves been victims of ID theft or have known someone who has been victimized. Employers are increasingly addressing this unfortunate reality by offering identity theft protection to their employees as part of the overall health and welfare package. All things considered, the decision to do so may be one of the best decisions a company can make in the realm of employee benefits. ☺

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