

Identity Theft Insurance and Prevention

Note: This information was developed to provide consumers with general information and guidance about insurance coverages and laws. It is not intended to provide a formal, definitive description or interpretation of Department policy. For specific Department policy on any issue, regulated entities (insurance industry) and interested parties should contact the Department.

Identity theft is a crime in which someone wrongfully obtains and uses your personal information, such as a Social Security number, credit card number, or driver's license number, to commit fraud or to aid an unlawful activity. Identity theft can occur as an isolated incident, such as a thief using your credit card to make an unauthorized purchase, or as a complex scheme, such as when a thief uses your identity to open a new bank account or take out a loan in your name. Identity theft is one of the fastest growing crimes in the country - the Federal Trade Commission estimates that as many as 9 million Americans have their identity stolen each year - and the process for correcting and restoring your credit can be frustrating. This fact sheet discusses some of the ways in which you can protect yourself from identity theft and contains information about identity theft insurance.

Identity Theft Insurance

Can I insure against identity theft?

If you are a victim of identity theft it can be very costly to correct and restore your credit. Several companies offer identity theft insurance, which can cost between \$25 and \$60 a year. It is important to note that identity theft insurance cannot prevent you from becoming a victim of identity theft and that it does not cover direct monetary losses incurred as a result of identity theft. Typically, identity theft insurance only covers some of the expenses you might incur in correcting and restoring your credit, such as:

- The cost of notarizing fraud affidavits.
- The cost of certified mail.
- Lost wages for time off work.
- Loan re-application fees.
- Attorney fees.
- Long distance telephone calls to resolve, report, or discuss the theft or fraud.
- The cost of copies of documents.
- Daycare or eldercare expenses.

What should I consider when deciding whether to purchase identity theft insurance?

First, remember that identity theft insurance cannot prevent you from becoming a victim of identity theft and that it does not cover direct monetary losses incurred as a result of identity theft. Some other questions to ask include:

- **Does my homeowners policy already include identity theft insurance?** Some homeowners policies include identity theft provisions. Check with your insurance company or insurance agent to see if you are already covered. If not, you may be able to add identity theft insurance for a small fee.
- **What will the policy cover?** As mentioned, policies typically only cover some of the expenses you might incur in correcting and restoring your credit. According to a recent survey by the Federal Trade Commission (“FTC”), in more than 50% of identity thefts the victim incurred no out-of-pocket expenses (lost wages, legal fees, payments of any fraudulent debts, and miscellaneous expenses such as postage and notarization fees) and only 10% of all victims reported out-of-pocket expenses of \$1,200 or more. The FTC survey report can be found at: <https://www.ftc.gov/reports/federal-trade-commission-2006-identity-theft-survey-report-prepared-commission-synovate>.
- **What is the policy limit?** Most identity theft insurance policies have policy limits of \$10,000 to \$30,000.
- **Is there a deductible?** Some policies require you to pay the first \$100 to \$500, with some deductibles as high as \$1,000.
- **What limits or triggers apply to lost wages claims?** If the policy covers wages lost in order to correct or restore your credit, verify what the limits are and what is required to trigger this coverage. If you are a salaried employee or are required to request vacation time in the event of a work absence associated with reclaiming your financial identity, you may not have unpaid leave or lost wages.
- **What limits apply to legal fee claims?** If the policy covers legal fees, verify what limits apply and whether legal work needs to be pre-approved by the insurer.

If you decide to purchase identity theft insurance you should also:

- **Read the fine print.** Make sure that the fine print is consistent with what you are being promised. Look for hidden costs or fees or provisions that are unclear.
- **Ask questions.** Find out exactly what services are covered and be sure that your needs will be met. Ask for written information regarding covered benefits. Compare price, coverage, and deductibles among multiple companies.
- **Avoid evasive salespersons.** As with all insurance transactions, do not purchase identity theft insurance if the salesperson seems evasive, ill-informed, or if he or she is reluctant to send you detailed, written information about the policy or company until after you sign up.

Identity Theft Prevention

How can my identity be stolen?

Identity thieves can obtain personally identifiable information such as your name, Social Security number, driver's license number, or credit card number in many ways, including:

- Rummaging through your trash for documents with personal or financial information.
- Manually copying your credit card information or using a small electronic device to swipe and store your credit card information during an otherwise legitimate transaction (commonly referred to as “skimming”).
- Sending spam to your e-mail account to request personal or financial information (commonly referred to as “phishing”).
- Stealing computers from professionals, such as accountants, that contain personal or financial information.
- Improperly changing your mailing address in order to divert billing statements and other financial information.
- Stealing your wallet, purse, or mail.
- Taking personnel records or bribing employees who have access to your records.
- Getting your personal or financial information under false pretenses, such as by claiming to be from a research firm (commonly referred to as “pretexting”).

How can I find out if my identity has been stolen?

You should monitor all of your accounts and bank statements and check your credit report on a regular basis. Typical signs of identity theft include:

- Charges on credit card accounts that you can't explain.
- Inaccurate information on your credit report.
- Failing to receive bills or other mail.
- Receiving a credit card that you did not apply for.
- Being denied credit, or being offered a less favorable credit term like a higher interest rate, for no apparent reason.
- Getting calls or letters from debt collection companies or from businesses about merchandise or services you didn't buy.

How can I get a free credit report?

Under federal law, you are entitled to a free annual credit report from one or all of the national credit reporting agencies. To obtain a copy you can:

- Visit <http://www.annualcreditreport.com>.
- Call toll-free (877) 322-8228.
- Complete the Annual Credit Report Request Form (found at <http://www.annualcreditreport.com> or <http://www.consumer.ftc.gov/topics/credit-and-loans>) and mail it to:

- Annual Credit Report Request Service,
P.O. Box 105281,
Atlanta GA, 30348-5281

Do not contact the national credit reporting agencies directly - free copies of your credit report are only available through one of the methods listed above.

Federal law also allows you to receive a free copy of your credit report if a company takes adverse action against you, such as denying your application for credit, insurance, or employment, based on credit information and you request your report within 60 days of receiving notice of the adverse action. The notice must give you the name, address, and phone number of the company that supplied the information about you.

You are also entitled to one free credit report each year if you are unemployed and plan to look for a job within 60 days, if you are on welfare, or if your report is inaccurate because of fraud. In all other circumstances, a credit reporting agency may charge you up to \$9.50 for a copy of your credit report.

To purchase a copy of your credit report you may contact one of the national credit reporting agencies:

- Equifax: www.equifax.com or (800) 685-1111.
- Experian: www.experian.com or (888) 397-3742.
- TransUnion: www.transunion.com or (800) 916-8800.

How can I protect myself from identity theft?

Although there is no proven way to prevent identity theft, the following general safeguards can help to greatly deter identity theft:

- Shred all of your financial documents and any paperwork with personal information before you dispose of it in the trash.
- Protect your Social Security number. Don't carry your Social Security card in your wallet or purse or write your number on a check. Only give it out if absolutely necessary and ask to use another identifier when possible.
- Don't give out personal information on the phone, through the mail, or over the internet unless you know who you are dealing with.
- Never click on links or respond to requests for personal information sent in unsolicited e-mails.
- Use firewalls, anti-spyware, and anti-virus software like Symantec or McAfee to protect your home computer. Keep the software up-to-date.
- Don't use obvious passwords like your children's or pet's name, a birth date, your mother's maiden name, or the last four digits of your Social Security number.
- Keep your personal information in a secure place at home, especially if you have roommates, employ outside help, or are having work done in your home.

- Ask about security procedures in your workplace or at businesses that collect personally identifying information. Ask about disposal procedures and whether your information will be shared with anyone else.

What can I do if I suspect that I am a victim of identity theft?

As soon as you suspect that you have been a victim of identity theft you should:

- Place a Fraud Alert on your credit reports and review your reports carefully. A Fraud Alert tells creditors to follow certain procedures before they open a new account in your name or make changes to your existing accounts. You can place an initial 90-day Fraud Alert by calling any one of the national credit reporting agencies - Equifax (800) 685-1111; Experian (888) 397-3742; or TransUnion (800) 916-8800. Once you place a Fraud Alert you are entitled to a free copy of your credit report. You should look for inquires from companies you haven't contacted, accounts you did not open, and charges on your accounts you cannot explain.
- Close any accounts that have been tampered with or opened fraudulently. Call the security or fraud departments of each company where an account was opened or changed without your permission. Follow up in writing with copies of all supporting documents. Ask for verification that the disputed account has been closed and the fraudulent debts discharged. Keep copies of documents and a written record of your conversations about the theft.
- File a report with your local police department.
- Place a security freeze on your credit report. A security freeze prevents third parties from accessing your credit report without your express authorization and may be free under Illinois law.

Where can I get help if I suspect that I am a victim of identity theft?

There are many resources available for victims of identity theft. For example, the Office of the Illinois Attorney General has established a toll-free Identity Theft Hotline at (866) 999-5630. An identity theft complaint form and resource guide for Illinois consumers can also be found on the Attorney General's website at <http://www.illinoisattorneygeneral.gov>. The Federal Trade Commission has also established an Identity Theft Clearinghouse, which can be reached toll-free at 1-877-ID-THEFT (438-4338).

Depending on the type of suspected theft or fraud the following resources are also available:

- **Bankruptcy Fraud.** If you believe that someone has filed for bankruptcy in your name you should contact the U.S. Trustee in the region where the bankruptcy was filed. For more information, please visit <http://www.justice.gov/ust>.
- **Investment Fraud.** If you believe that an identity theft has affected a securities investment or brokerage account, you should report it to your broker or account manager and to the Securities and Exchange Commission. For more information, you can visit the SEC's website at <http://www.sec.gov> or call (202) 942-7040.

- **Mail Theft or Fraud.** If you believe that your mail has been stolen or tampered with, that someone has falsified a change-of-address form, or that someone has obtained your personal or financial information through the U.S. mail you should contact the United States Postal Inspection Service. For more information, please visit <https://postalinspectors.uspis.gov>.
- **Passport Fraud.** If you believe that your passport is being used fraudulently you should contact the United States Department of State. For more information please visit <http://travel.state.gov/content/passports/english.html> or contact your local State Department field office.
- **Telephone Fraud.** If you believe that someone has established phone service in your name or is making telephone calls that are billed to your service you should contact your service provider. For more information regarding local phone service fraud you may also contact the Illinois Commerce Commission toll-free at (800) 524-0795 or visit <http://www.icc.illinois.gov>. For more information about long distance or cellular phone service fraud you may contact the Federal Communications Commission toll-free at (888) CALL-FCC (225-5322) or visit <http://www.fcc.gov>.
- **Social Security Number Fraud.** If you believe that someone is misusing your Social Security number you should contact the Social Security Administration Office of the Inspector General toll-free at (800) 269-0271 or visit <http://oig.ssa.gov/>.
- **Student Loan Fraud.** If you believe that someone has fraudulently obtained a student loan under your name you should contact the school or program that opened or administers the loan. You should also report the activity to the United States Department of Education's Inspector General, who can be reached toll-free at (800) MIS-USED (647-8733).
- **Tax Fraud.** If you believe that you have been the victim of tax fraud you may contact the Internal Revenue Service's Identity Theft Hotline toll-free at (800) 908-4490 or visit <http://www.irs.gov> for more guidance.
- **Utilities Fraud.** If you believe that someone has obtained a utility service such as natural gas, electricity, or cable in your name you should contact the utility company. If the company is unwilling to assist you may contact the Illinois Commerce Commission at (800) 524-0795 or visit <http://www.icc.illinois.gov>.

For More Information

Call the Department of Insurance Consumer Services Section at (866) 445-5364 or visit us on our website at <http://insurance.illinois.gov>.