

Identity Theft Insurance -- Is It Really Necessary?

Article by: Jim Dickinson

Open your credit card statement and odds are you will find included yet another offer to have a company keep a close eye on your credit, sending you updates and notifications each time your credit is examined or used. For a small monthly fee, they will help you safeguard your credit against fraud. Statistically, many people choose not to use these kinds of services because in truth, they don't offer anything that you can't already do yourself for free.

But what about Identity Theft insurance? Is there good value in protecting yourself from loss if someone does steal our identity?

According to the FTC, 1 in 20 adults in the US are already victims of identity theft. The FBI released a statistic in 2004 that 1 in 4 PCs will be hacked by cyber-crooks. The general consensus among security and privacy professionals is more along the lines of "when" not "if" these days. Identity theft has affected at least 10 million people a year costing businesses over \$50 billion (a cost they no doubt pass back to their customers), and consumers have spent \$5 billion to undo the damage of the crimes. So is it worth getting some kind of insurance to help?

I think it is, and here's why.

Getting your identity stolen is a real disaster. It can be as devastating to your personal finances a hurricane can be to your home. Restoring your credit, defending against civil and criminal judgments, and so on can be expensive. According to experts the average cost is around \$10,000 and 75 hours to clean up after your identity is stolen.

Insurance companies offering the service often include coverage highlights like these:

Specialized Customer Service — Identity theft specialists are on call to guide individuals through the process of restoring their identity profiles and credit records. An ID Theft Recovery Kit — A guide, complete with form letters to send to creditors and bureaus, is provided to each identity theft victim. Income Protection — Coverage is provided for lost wages as a result of time off work related to a covered stolen identity event. Expense Reimbursement — Expenses related to the recovery of an identity, including defense costs for certain civil suits, re-filing for loans and reimbursement of fees are covered.

The strongest aspect of the coverage is the recovery of lost wages, industry experts agree. It can take a fair chunk of time to fill out forms, make phone calls, mail letters, appear in court, and work with attorneys or creditors. Vacation days from work disappear quickly, and in some cases, these clean up efforts can last for months, while you miss work on occasion to take care of the repair.

The FTC has released a clever little online quiz game to help you understand the basics of what you need to do if your identity is stolen.

http://onguardonline.gov/quiz/idtheft_quiz.html Just like when purchasing an auto insurance policy, you make sure you are well covered, but then you drive as safely as possible and hopefully never have to use it. The same goes with ID theft insurance. It's a good idea to have, but you still need to take care to do all you can to avoid being a victim.

Here are some great tips and websites to help you prevent identity theft:

Protect your computer from cyber-crooks. The single fastest growing resource of identity thieves is the Internet. Home users and small businesses have become their primary target, since they can't afford the high level of protection large corporations and financial institutions, and often suffer from a lack of know-how to protect themselves online. Worse still, many online users believe they are properly protected by free, or low cost, software they get online or from a retailer. The fact is that when home users and small businesses incorporate enterprise-grade security on their PCs cyber-thieves move on to easier targets. I recommend INVISUS Direct because they provide a comprehensive suite of protective software, free unlimited support for all your security needs, and they actually include a \$25,000 ID Theft insurance policy from AIG as part of their service.

<http://www.justdothetest.com> Safeguard your personal information. Except for special occasions when you know your Social Security Card will be needed, keep that card in a safe place at home, in a safe, or safe deposit box. Don't carry anything with you that has your SSN on it. That will make it very easy for a thief who steals your wallet or purse to assume your identity. Be aware of what you throw away. Shred any trash that has personal information on it. Never give out personal information on the phone or Internet unless you know for sure who are you dealing with, and what will be done with your information.

The FTC has released an excellent online video that explains why this is so important (as well as other safeguards you can take). It's only 10 minutes long and worth the time to watch:

http://www.vodium.com/goto/ftc/idteft_en.asp Check your credit report regularly and consider setting up a fraud alert on your credit accounts. You don't need to be a victim already to file a fraud alert with the bureaus. You can set

that up at any time. What that will do is alert any companies looking to open a new credit account that they need to contact you personally before they proceed. This can slow the process a little bit for you when you need to open a new credit account somewhere, but it's a good trade off to be alerted before an ID thief tries to open an account in your name. It will stop them dead in their tracks. Fraud alerts won't stop ID thieves from accessing your existing accounts, so you still need to stay on top of your credit report. You can get a free report every year from this website:

<http://freecreditreport.com> When all is said and done, there is ultimately nothing you can do to prevent the theft of your identity. But you can reduce the odds of it happening tremendously with these tips. And with ID Theft policies being so inexpensive (or included with other services like INVISUS Direct), you will have all the bases covered. Jim and his wife joined the Campaign for Internet Safety and Awareness in 2004. Since then he has advocated Internet Safety on many levels among home users and small businesses. He has been engaged as a public speaker on the subject and has spoken on several conference calls where consumers are looking for ways to protect themselves and their businesses online. As an online marketer, Jim enjoys helping other online marketers protect their online success with good business and security strategies.

Jim and Tammy host the blog Project Netsafe at <http://projectnetsafe.blogini.com> as a way to raise awareness and publish their expert advice.