

Identity Theft and You

If you don't think identity theft can happen to you, think again. Crooks are becoming more sophisticated and are co-opting the identity of others right under the noses of their victims at an alarming rate.

Identity theft occurs when someone uses your personal information—your name, Social Security Number or credit card number—without your permission to commit fraud or other crimes.

Identity theft is the top complaint filed with the Federal Trade Commission (FTC) annually. Millions of Americans in recent years have been victimized by identity theft. In 2006, more than 246,000 people learned that their identities had been compromised by thieves who used their good name to run up debts and cause other malfeasance. The majority of victims (72 percent) are between the ages of 18 and 49.

This crime is costing its victims more than their good names; it's costing them thousands of dollars to repair the damage to their names and their credit histories. Identity theft insurance can help cover these unexpected costs.

How it happens

Identity thieves are using high- and low-tech ways to get your personal information. Here's how most do it:

1. **Dumpster diving.** Thieves rummage through your trash looking for bills or other papers with your personal information.
2. **Skimming.** They steal credit/credit card numbers by using a special electronic storage device when processing a payment using your credit card.
3. **Phishing.** Thieves pretend to be financial institutions or companies by sending spam or pop-up messages to trick you to reveal your personal information.
4. **Changing your address.** They divert your billing statements to another location by submitting a change of address form.
5. **Old-fashioned stealing.** Thieves steal wallets and purses; mail, especially pre-approved credit offers; and new checks or tax information. They also steal personnel records or bribe employees who have access to your file.
6. **Pretexting.** They use false pretenses to get your personal information from financial institutions, telephone companies and other sources.

Where to look

The best way to prevent or limit the effects of identity theft is to monitor your credit reports and bank statements on a regular basis. Most instances of identity theft (45 percent) are uncovered in the first 30 days of the crime. But it can take months or even years for the identity fraud to come to light. So conduct regular financial check-ups to safeguard your identity and credit.

What to do

If you suspect that you are a victim of identity theft you must take immediate action to minimize its impact and to protect yourself from liability for financial debts or possible prosecution for crimes. Follow these four steps immediately:

1. **Place an initial fraud alert on your credit reports.** This alert will prevent an identity thief from opening more accounts in your name. You'll only need to contact only one of the three credit reporting agencies (Equifax, Experian or TransUnion).

2. **Close accounts.** If you believe an account has been tampered with or opened fraudulently, close it immediately. To do so, contact the security or fraud department of the credit provider(s) that have been affected.
3. **File a complaint with the FTC.** File a report with the FTC by calling its Identity Theft Hotline at 1-877-ID-THEFT. This step will help law enforcement agencies stop identity thieves.
4. **File a police report.** Call your local police department to file a report.

If you don't take these steps identity thieves will use your personal information to set up credit card accounts, divert your current statements to another address, create counterfeit checks, open a bank account, clone your ATM or debit card, obtain a loan from a bank, establish phone or utility accounts, get a job, obtain a driver's license or official ID card in your name, or rent a home or apartment. And, you could be liable for the damages if you don't act quickly.

Steps to prevent ID theft

You can minimize your exposure to identity theft several ways. Here are eight proven strategies:

1. **Protect your Social Security Number.** Don't carry your card in your wallet or write it on a check. Give your number only when absolutely necessary.
2. **Treat your trash and mail carefully.** Always shred receipts, credit applications, insurance forms, doctor statements, checks and bank statements, credit card statements, expired credit cards and credit offers received in the mail.
3. **Be wary online.** The Internet can leave you vulnerable to online scammers, identity thieves and more. Be wary of email and pop-up offers.
4. **Use intricate passwords.** Avoid using as passwords your mother's maiden name, your birth date, the last four digits of your Social Security or phone numbers, a series of consecutive numbers, or a single word that appears in the dictionary. Instead use combinations of letters, numbers and special characters for the hardest password to break.
5. **Verify a source.** Before sharing information on the phone, through the mail or on the Internet know who you are dealing with first.
6. **Safeguard your purse and wallet.** Protect them at all times—at home, at work, at school, everywhere!
7. **Store information securely.** Keep your personal information in a secure place at home, especially if you have roommates, have domestic help or are having work done in your house.
8. **Freeze your credit.** Many states allow consumers to freeze their credit or, in other words, restricting access to his or her credit report. This step thwarts identity thieves from opening an account in your name.

Insurance can help

If you become a victim of identity theft, insurance can help you regain your identity and good financial standing as well as give you peace of mind. Identity theft coverage will reimburse you for the cost of phone bills, lost wages, notary and certified mailing costs, and sometimes attorney fees.

Some insurance companies provide the coverage as part of a homeowners insurance policy, while others offer it as a standalone policy or as an endorsement, or add-on, to a homeowners or renters policy. Typically the premiums are inexpensive—between \$25 and \$50 for \$15,000 to \$25,000 of protection.

Contact your local Trusted Choice[®] insurance agent today to determine if you have an identity theft provision in your homeowners policy or to secure this coverage. [Click here](#) to find the Trusted Choice[®] agency in your community.