

Benefits Insights

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Identity Theft Coverage

The Federal Trade Commission (FTC) reports that over 13.1 million Americans are victims of identity theft each year. As a result, they are unable to use their credit cards, cannot obtain new loans and, in some cases, are subject to criminal investigations for crimes they did not commit. One of the fastest growing crimes in America, identity theft, can cost a victim a significant amount of time and money as they try to repair their good name and credit. As business increasingly moves towards e-commerce and away from face-to-face transactions, the risk of ID theft will only continue to grow.

ID theft occurs when personal information such as Social Security numbers, bank account information or credit card numbers are obtained without permission. Once they have this information thieves can use existing credit cards or open new ones to make purchases in the victim's name, write bad checks or take out loans. If the theft is not immediately recognized a victim's credit could be tarnished for some time before they realize it.

Insurance Coverage

While ID Theft Insurance does not protect against the actual monetary theft, it does cover the costs victims will incur while they are building their identity. The coverage may include:

- Phone call and photocopying charges
- Postage fees for mailing documents
- Salary loss due to uncompensated time away from work while repairing one's identity
- Legal fees
- Access to a fraud specialist who can assist in restoring good credit and protecting one's identity again

- Help with preparing documents, filing police reports and creating a fraud victim affidavit

Since victims may spend a considerable amount of time recovering from ID theft, these services can make the situation a little less stressful, both on the mind and the pocketbook.

Considerations

Employers sponsoring an ID Theft Insurance plan can purchase this coverage for their employees or offer it as an employee funded option on their regular benefits package.



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