

Employee Benefit Adviser

September 2003 • Vol. 1 • No. 3

BENEFITS PORTFOLIO

Legal plans make a name for identity theft coverage

BY KAREN LEE

Legal plans have responded to the national epidemic of identity theft, and they are trying to create market awareness of their employee benefit protections.

Within the past year, Pre-Paid Legal Service Inc., Lawphone and ARAG Group have launched special identity theft benefits that either are folded in with the standard legal plans or are available at extra cost. All offer legal assistance and provide various kits with instructions on such fundamentals as how to report fraudulent incidents to credit bureaus and notify credit card companies. Pre-Paid Legal members also receive up to \$25,000 in credit restoration reimbursement expenses.

“Legal plans are finding that a phone call [to a credit bureau] isn’t sufficient — somebody needs to do something to repair your credit,” says Rhonda Sher, group marketing specialist with Pre-Paid Legal. “It is a hugely emotional issue because your money is gone... How can an employee be productive? His life is turned upside down.”

While Hyatt Legal Plans has not introduced separate identity theft benefits, executives are aware of the need for assistance. They point out that the program’s debt collection assistance also covers cases of identity theft, although they realize that their members may not know it.

“We were made aware that consumers are increasingly concerned about identity theft,” says Hyatt Group Sales Director Marcia Messett, explaining that the company is emphasizing the benefits in its marketing material. “Probably the whole legal plans marketplace is aware of it. All of the brokers and consultants we work with told us their clients were asking for it.”

Virulent epidemic

With more and more business conducted via telephone response systems and the Internet, it is no surprise that sensitive personal information has become shockingly easy for enterprising

con artists to obtain.

The federal government last year regulated a similar problem with rules restricting the availability of private health information. But identity theft arguably is a far more virulent epidemic.

According to a General Accounting Office report released last year, the Federal Trade Commission’s Identity Theft Data Clearinghouse received more than 94,000 complaints between its inception in November 1999 and September 2001, and as of that December were averaging about 3,000 calls per week. Researchers pointed out that the Social Security Administration heard from 64,000 victims, and the three major consumer reporting agencies placed more than 200,000 fraud alerts on consumer credit files during 2000.

Clearly, identity theft affects a vast number of people. And

some say the government statistics do not even come close to the real truth. Research firm Gartner Inc. estimates that some 7 million people were identity theft victims over the last year alone. A Harris Interactive poll found that 13 million Americans reported being touched by identity theft since 2001. Even superstar golfer Tiger Woods found himself liable for \$17,000 in unpaid bills after his identity was stolen. The average victim could spend years and thousands of dollars on efforts to restore her credit.

Peace of mind

No wonder legal plans are making identity theft a priority. Pre-Paid Legal, which established its service at the end of July, is the only program offering monetary benefits for identity theft, albeit for an extra \$9.95 fee. All are providing credit monitoring services and legal backup in case fraudulent expenses tar a participant’s credit.

LawPhone plans to initiate identity theft services on Oct. 1 that include credit alerts, assistance with filing a police report, a kit with forms, credit bureau contacts and “action plans” that tell vic-



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tims where to turn, and legal consultation.

Jack Guerin, LawPhone's vice president of marketing, explains that the company's alliance with a sister firm that has experience with identity theft assistance "gave us a helpful resource in developing the product."

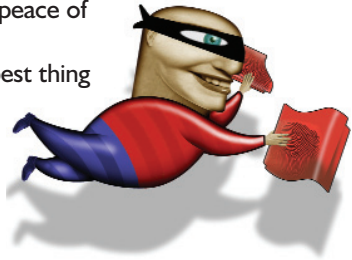
"We've gotten a positive reaction from our clients," Guerin continues. "We tried to pick a component of the service that was consistent with a telephonic product and would allow us to coordinate it with our legal services. In about half of the cases, people need to speak to a lawyer. It's a logical tie-in with a legal services plan."

ARAG Group, meanwhile, promises to identify "personal security areas" that might be at risk, explain liability, provide informa-

tion to report the theft to credit agencies, send documentation to the plan member and follow up on the situation's resolution.

So far, it is difficult to say just how much response the programs have gotten, especially in the cases of LawPhone and Pre-Paid Legal, which are very new. But plan executives indicate the services may be worth the peace of mind.

"I think this will be the best thing Pre-Paid has ever done," Sher declares. "There is nothing more invasive than having your identity stolen." — *K.L.*



Reprinted from *Employee Benefit Adviser*, September 2003. | State Street Plaza, 25th Floor, New York, NY. 10004, (212) 803-8351



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