

PERSONAL JOURNAL
IDENTITY CRISIS

How Consumers Can Strike Back If Their Identity Has Been Stolen

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Identity theft is the fastest-growing crime in America, striking some 700,000 people last year from all walks of life.

Now, a new industry has sprung up to help identity-theft victims. Companies are pitching everything from hand-holding in closing fraudulent accounts to insurance that claims to cover the costs of having your identity swiped by a crook.

ID theft comes in a wide range of forms. In the most serious cases, thieves have bought cars and even houses by taking out loans in someone else's name. In other cases, the thief simply obtains another person's Social Security number and uses it to, say, get a new credit card.

On average, a victim of identity theft spends 175 hours restoring his or her good name by notifying credit bureaus, canceling credit cards and negotiating with creditors, according to the Identity Theft Resource Center, a San Diego nonprofit group. While most creditors will waive fraudulent charges, individuals are responsible for legal fees, long-distance phone calls, travel costs and missed work days -- expenses that can total thousands of dollars.

That's where a handful of new companies sees a business opportunity. PromiseMark, a closely held company in Fairfax, Va., promises start-to-finish help for the victim -- it will even help you gather evidence so that ID thefts can be successfully prosecuted. TrueLink, a New York credit-product and -services group, will get on the line with you when you call credit bureaus to clean up your record. Identity Fraud of Clayton, Calif., gives you access to a call center offering 24-hour advice to identity-theft victims.

One hitch: The services are set up almost like insurance policies. You have to pay for them in advance of any identity theft (usually a yearly fee in the neighborhood of \$40 to \$120) in order to get the full range of assistance. If you wait until after you realize the identity theft has occurred, they generally offer only information and forms on how to correct the problem yourself.

Are these services worth the money? Most are too new to evaluate, says a Consumer Federation of America spokeswoman, and they might not even be necessary. She says identity-theft services don't do much an individual couldn't do on his or her own.

FINDING HELP

A new industry has popped up that aims to help consumers prevent identity theft or remedy it once it occurs. For those who want a less-expensive option, nonprofit groups offer do-it-yourself information. Contact www.idtheftcenter.org or www.privacyrights.org.

Identity Fraud Inc.(www.identityfraud.com) Credit reports and monitoring, email alerts and 24-hour hotline.(\$70-\$125)

PromiseMark(www.promiseplans.com) Firewall software, credit monitoring and alerts, fraud resolution plans. (\$50-\$80)

TrueLink (www.truecredit.com) Credit monitoring, three-way calling option, help finding an attorney. (\$10-\$45)

Privista (www.privista.com) Personalized analysis of credit reports, monitored for various indicators of fraud. (\$30-\$80)

Privacy Guard(www.privacyguard.com) Daily monitoring of credit reports, access to credit score, insurance and resolution services. (\$80-\$120)

Intersections (www.intersections.com) Daily monitoring of credit reports, insurance and resolution services. (\$100, or \$10 per month)

What the ID-theft services offer is a helping hand through the credit bureaucracy. The Federal Trade Commission will take a report of the identity theft, notify law-enforcement officials and offer advice, but it won't resolve the problems a thief leaves behind.

Insurance companies also are getting in the act. Optional fraud riders are now available on some homeowners' policies, which cover the out-of-pocket costs of clearing your name. For an extra \$25 per year, for example, Farmers Insurance Group, Travelers Group and Encompass Insurance offer between \$10,000 and \$20,000 in coverage, with varying deductibles. Chubb Corp. has included identity-fraud coverage in its insurance plan and offers \$25,000 coverage. Travelers Insurance offers a stand-alone fraud policy for \$50 to \$195 annually, with varying coverage.

Edward Mierzwinski, an identity-fraud expert at the Public Interest Research Group in Washington, D.C., is skeptical about the value of insurance. Consumers should not have to pay more for the security they should be getting automatically from their credit bureaus and credit-card companies, he says.

Identity theft isn't a new crime, but incidents of it have skyrocketed since the late 1990s. In the past year alone, the number of reported cases of identity theft has risen 40%, the fastest increase of any crime, according to federal regulators. Beth Givens of the San Diego-based Privacy Rights Clearinghouse blames lenient credit issuers and promotional offers encouraging individuals to sign up for "preapproved" cards.

Jeff Brown, a 52-year-old energy consultant from Haymarket, Va., found out his identity had been stolen when he received a call

pressuring him to pay off a loan he never took out. Over 11 months, he later learned, an imposter had racked up \$40,000 in fraudulent charges. Mr. Brown called PromiseMark.

For a \$50 membership fee, the company gave him the forms and telephone number for credit-bureau reports and worked with police to put the man who stole his identity behind bars. PromiseMark says it normally wouldn't provide this level of service to someone who hadn't purchased the plan in advance but did so for Mr. Brown as part of a special promotion.

PromiseMark says it has 200,000 customers paying between \$50 to \$80 a year. The basic package includes computer firewall software to foil hackers, e-mail alerts to keep customers up-to-date on the latest scams, and personal help in case of identity theft. Its higher-end plans include e-mail alerts whenever a credit agency reports any change in your credit profile -- if you accept a new credit card or change your address or phone number, for example.

TrueLink, which has more than 150,000 customers in its identity-protection program, offers a monitoring service that will arrange three-way calls with creditors, with a TrueLink employee on one phone.

Of course, preventing identify theft in the first place is the smartest option. Security experts urge consumers to do that by regularly reviewing their credit reports, putting passwords on all accounts, adding a firewall to personal computers, and shredding bills after they are paid.

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