

The Cost of Identity Theft to Businesses

By Robert Slayton, CITRMS

Identity theft is a very expensive crime to businesses. According to a 2003 study, the cost of identity theft in the United States is equal to 6% of our GDP. In 2003 dollars, that is equal to \$660 billion. In a study done by the Aberdeen Group, identity theft and fraud within the banking industry will soon top \$2 trillion. This cost gets passed on to consumers.

Identity theft is impacting every business' bottom line. One out of every 6 people has had their identity stolen, so in a company of 60 employees, it is reasonable to assume 10 have had their identities stolen. Whether employers realize it or not, this is costing them in productivity. According to the Federal Trade Commission (FTC), it takes between 175 – 600 hours for a person to restore their identity and this can only be done during business hours (as the businesses the victim needs to contact are only open during business hours).

An employee might take a day or two off to sort through the mess, but eventually, they will go back to work. This means that they will be taking time during the work day to clear up the theft.

If your business suffers a breach of data, according to CIO Magazine, it will take on average 1,600 work hours to clear it up, plus the loss of business, plus the ensuing lawsuits.

What can you do to minimize the impact? First is to develop a policy on how to handle employees' and customers' sensitive data. Second is to train employees who handle non-public data on the policy and enforce it. In this training, include items such as never leaving any sensitive data on a desk unattended, locking file cabinets, having a separate network for computers that store sensitive data, and shredding all papers containing this data.

In short, businesses need to develop policies and procedures on handling sensitive, non-public information. Failure to comply means opening the business, owners, and executive up to federal fines for not complying with laws such as the Fair and Accurate Credit Transactions Act, Health Insurance Portability and Accountability Act, and Gramm Leach Bliley Safeguard Rule.

Have you heard about the printer who sent out 171,000 letters for the Wisconsin Department of Revenue that included the recipient's social security number on the address label? The printer agreed to pay \$110,000 for credit monitoring of affected individuals, pay for the printing and sending of 2 letters, pay for reprinting and mailing of the original booklet, and indemnify the Wisconsin Department of Revenue against all future lawsuits, actions, or claims associated with the misprint. Could your business survive this costly of a penalty?

Robert Slayton is a Certified Identity Theft Risk Management Consultant who consults with businesses and individuals on how to minimize their risk of identity theft and provides identity theft prevention and restoration services. For more information on his services or free information on how to minimize your risk of identity theft, contact him at Robert@robertslayton.com or call him directly at 1.800.913.2378. Robert manages a full service insurance agency, Robert Slayton Associates out of Naperville, Illinois.

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