

Identity Theft: The New Endorsement

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Insurance can do little for the individual who has been a victim of identity theft other than to help defray some of the associated expenses. Three companies are currently offering the coverage as an addition to their Homeowners policy and others will surely follow: Chubb, Travelers, and Grange Insurance, a regional company head quartered in Ohio.

The coverage extended by each of these companies does not apply to any actual losses from improper credit use but rather is intended to apply only to the costs associated with the time and effort it takes to clear one's name and financial records. Although coverage limits provided by the three companies vary, all are covering two basic expenses:

1. Lost Wages

An individual may have to take time off work to meet with law enforcement agencies, credit agencies or legal counsel. Travelers provides \$500 per week for four weeks while Chubb extends \$250 per day with a \$10,000 maximum limit.

2. Other Expenses

A victim of Identity Theft can also incur significant out-of-pocket expenses in clearing up the financial mess. The actual coverages provided vary with each company, but most cover such expenses as:

- Charges for long distance telephone calls
- Cost for notarizing affidavits
- Loan application fees to re-apply for loans when the original application is rejected solely because the lender received incorrect credit information.
- Limited attorney fees, in some cases

The limit set on the coverage varies with each company as do the deductibles that apply and the exclusions that are included. You will find the endorsements simple and straightforward and thus easy to compare.

The Bottom Line

Any agent selling this coverage should do so carefully. At the time of loss, an insured will experience daily frustration and then discover that his insurance will do little more than reimburse him for some of his expenses. Any insured who has been oversold and holds unrealistic expectations will be difficult to deal with.