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Protecting IDs is good business, and it's the law

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On the Cutting Edge / Brian Bowman

MARCH is Fraud Prevention Month and Canada's federal, provincial and territorial privacy guardians have banded together to urge renewed efforts in the battle against fraud such as identity theft. Businesses should take note.

"Identity theft has been called the crime of the 21st century. More needs to be done to protect Canadians and stop the explosion of this costly fraud," the privacy officials said in a joint declaration issued last Thursday.

Identity theft takes place when thieves collect and use your personal information, such as your name, birth date or driver's licence, to impersonate you and then fraudulently apply for loans, credit cards or even government documents.

Identity thieves are getting more sophisticated every month. It's not just credit-card fraud that is taking place anymore. New forms of identity theft include mortgage fraud, online "phishing" and even medical-identity theft, where individuals pose as someone else to claim their medical benefits.

While acknowledging that all of us -- individuals, businesses and government -- share a responsibility to combat identity theft, the privacy commissioner has reminded the business community that "it is the responsibility of businesses to protect customer information and reduce the risk of identity theft."

Why should businesses care about identity theft?

As demonstrated in a 2006 Strategic Counsel poll commissioned by the Competition Bureau of Canada, identity theft has affected one in six Canadian adults, or 4.2 million Canadians, either directly or within their immediate households.

In 2006, PhoneBusters received calls from almost 8,000 Canadians reporting that they were the victims of identity theft, with losses totalling more than \$16 million. PhoneBusters estimates that the reported incidents likely represent only five per cent of the actual number.

It is crucial that businesses, regardless of their size, develop plans to combat identity theft. Not only is it a good way to protect a business's reputation, but protecting personal information has been the law in Canada for several years.

What practical steps should businesses do to combat identity theft?

The privacy commissioner says that, "in a nutshell, they need to start handling personal information as they would actual cash. After all, personal information is a gold mine for identity thieves and organized criminals."

Businesses can treat personal information like cash by implementing the following five basic steps:

- * Limit the amount of personal information collected. Business should restrict the amount and type of data collected from customers. In addition to combating identity theft, limiting the amount of data collected lowers associated costs of storing and destroying data.
- * Safeguard personal information against loss or theft. Businesses should implement security policies to protect data in both electronic and paper forms. Identity thieves are often a business's own employees, so it's important to restrict access to data within an organization to those who have a legitimate reason to manage the information.
- * Limit how long personal information is retained. Businesses should retain data only as long as necessary by implementing retention policies. Such retention policies should specify minimum and maximum time limits for keeping data.
- * Destroy personal information in a secure manner. Businesses should take care in the disposal or destruction of data to prevent unauthorized parties from gaining access to the information.
- * Develop authentication processes. Businesses should implement processes to verify that individuals are, in fact, who they claim to be when they make access-to-information or other requests. For example, businesses should verify an individual's identity when they are making a purchase on an account.

Business reputations can be protected and identity theft can be combated if businesses take these and other proactive steps. Let's hope that more Canadian businesses use Fraud Prevention Month to increase their efforts.

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