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5 Reasons Identity Protection is *the* Hot Voluntary Benefit for 2017

Your employees live in a digital world, which makes safeguarding their virtual identities from threats more important than ever – for both your employees and your business.

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Identity protection will double in adoption by employers to 70% by 2018.

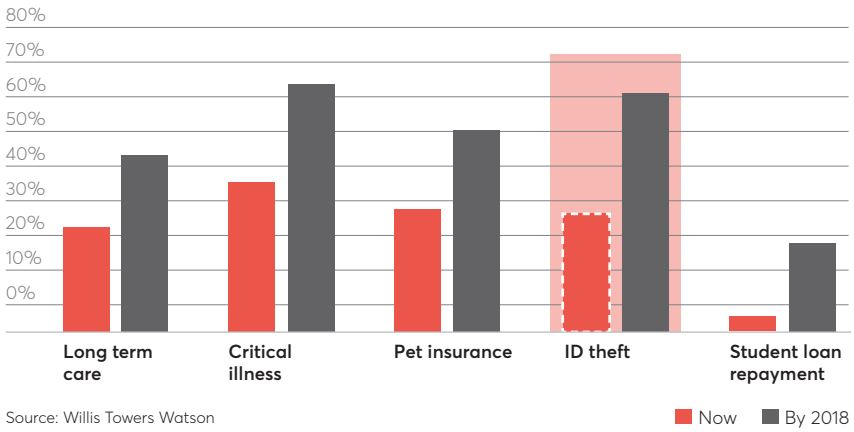
It's not easy to attract and retain talent across an increasingly diverse, multi-generational workforce in an ultra-competitive market. That's why voluntary benefits and services (VBS) are so important to your HR strategy.

The right VBS portfolio empowers your employees to mix-and-match offerings to meet their individual needs, while allowing you to keep total compensation costs under control. So it's no wonder that 92% of U.S. employers now say VBS will play a key role in their compensation strategies—up from 73% just a year ago.[1]

It's also no wonder that identity protection services (IDPS) are among today's hottest VBS offerings, likely doubling in adoption by employers from 35% in 2015 to 70% in 2018.[2] We live in a digital world. That makes it more important than ever to protect our digital identities from digital threats. "Digital native" millennials dominating today's workforce are especially vulnerable and concerned about these threats.

Identity Theft is Fastest Growing VBS

Survey of HR professionals of voluntary benefit plans



Source: Willis Towers Watson

But IDPS isn't just for them. Here are five key reasons IDPS is of increasing interest and value to employers and employees alike.

Reason #1: Identity theft is a serious, escalating problem.

Identity theft is for real. According to the U.S Department of Justice, 17.6 million people—or a full 7% of those 16 and older—experienced some form of identity theft in 2014.[3] That's more than twice as many as suffered a broken bone, which is routinely covered by medical benefits.

Several trends are increasing the risk of identity theft. As we interact digitally in more ways with more organizations, there are more places for our identities to be stolen. Our vulnerability to identity theft grows even further as those organizations propagate data across a larger number of information systems and share it with third parties.

At the same time, the global market for illicitly obtained personal data keeps growing. At one time, hackers could only profit from identity theft if they perpetrated an associated fraud themselves. Now, identity thieves can instantly monetize stolen SSNs and other personal data in digital exchanges that feature price transparency—and even money-back guarantees!

[1] Willis Towers Watson 2016 VBS Survey
[2] Willis Towers Watson 2016 VBS Survey
[3] Bureau of Justice Statistics Publication NCJ 248991, September 2015

Studies report that victims can spend anywhere from a dozen to 100+ hours restoring their identity (mostly during working hours).

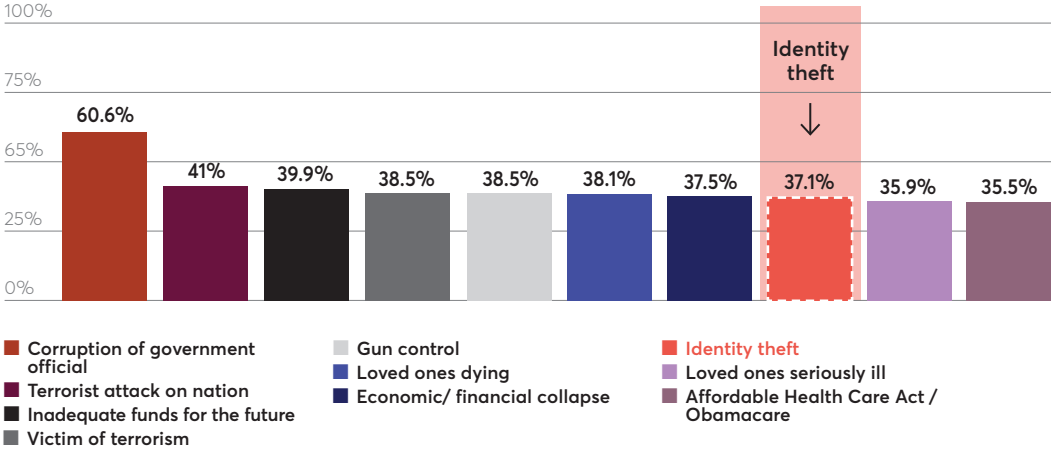
Reason #2: IDPS is a high-value benefit for employees

The impact of an identity theft incident can vary greatly. On average, an individual victim loses about $1,145.[4] But that average includes victims who lose nothing—because they have protections in place—and those for whom the personal financial impact is devastating.

Beyond the financial losses, though, identity theft can be extremely time-consuming and anxiety-inducing. Studies report that victims can spend anywhere from a dozen to 100+ hours restoring their identity—making recovery even more emotionally and physically draining than the original financial loss.[5] Clinical studies have also found that persistent impacts on victims can range from chronic anxiety to physical symptoms.[6]

Americans Fear Identity Theft

Unprecedented survey of 1,500+ rank identity theft as #8 fear



Source: The Chapman University Survey of American Fears, 2016

IDPS spares employees this anxiety and pain by protecting them from both the identity theft itself and the arduous process of ensuring that a theft or near-theft doesn't have broader repercussions.

Reason #3: IDPS is a high-value benefit for employers

When an employee is struck by identity theft, their employer suffers. Victimized employees have to spend time during their workday urgently attending to remediation. They may even be absent from work entirely because they have to visit a bank or a motor vehicle office.

The financial loss a company suffers as a result can be readily calculated. For example

Annual Company Loss

1,000	*employees*
x .07	*% identity theft victims*
x 15	*hours to recover*
$320	*revenue per hour per employee*[7]

$336,000 *total company loss*

[4] 2016 Identity Fraud Study, Javelin Strategy and Research, February 2016
[5] CALPIRG, Nowhere to Turn, May 2000
[6] Journal of Forensic Sciences, January 2004
[7] CSImarket.com

When your employees are protected, it protects your business.

Of course, as noted above, the adverse impact on employee performance can go well beyond lost time. The stress of an incident's aftermath can also affect how they do their work and how they interact with other employees. It can even make them sick—adding further lost productivity and healthcare costs.

Avoidance of these potential downsides—combined with low cost and its new tax-free IRS status as of 2016[8]—make IDPS an exceptionally compelling VBS value.

Reason #4: IDPS reduces your company's liability in the event of a data breach

Your employees can inadvertently put your company at risk for a data breach by opening emails or clicking on links to bogus sites that could infect your data. When your employees are protected, it protects your company.

Whether they're in-house or outsourced, your company's own payroll and HR systems also represent a primary threat vector for employee identity theft. The recent spate of W-2 phishing scams highlights this vulnerability. But, in reality, the personal data you possess about your employees can be compromised many ways: by a malicious hacker, through human error, due to a lost laptop or thumb drive, etc.

Your company is doing its best to prevent such a compromise. But if it were to occur, you'd have a double problem. Your employees would suffer identity theft ***en masse*** and they could hold you responsible for that theft. Few organizations can tolerate the prospect of their entire workforce becoming disgruntled overnight. IDPS mitigates this risk—thereby protecting both your company's brand and employer-employee trust.

Reason #5: IDPS easily fits into any employee benefits strategy

Many people first became familiar with IDPS as a consumer offering. The IDPS market, however, has rapidly evolved in step with the identity theft threat—and is now being packaged and priced to meet the needs of corporate benefits managers. Plus identity theft is painless to implement, as the right solution easily fits with current HR systems.

You can structure your IDPS program in whatever way best aligns with your compensation and overall HR strategy. IDPS can be offered during open enrollment or any time during the year as a rolling enrollment. You can offer it as an affordable payroll deduction and/or include it as part of a defined subsidy plan. You can structure options that break benefits into metallic tiers. You can offer packages for individuals and families. You can also offer IDPS as part of a broader financial wellness program.

In fact, IDPS enhances employee engagement with your entire VBS portfolio by offering a benefit that's as popular as it is valuable. That's why IDPS uptake significantly outpaces other common VBS offerings, such as pet insurance and student loan repayment.

And that's why every benefit manager seeking to reward employees more effectively and efficiently should include IDPS in their voluntary benefits portfolio.

IdentityForce®

About IdentityForce

For nearly 40 years, IdentityForce, Inc. has provided best-in-class, highly scalable, premium identity theft and privacy protection solutions to consumers, businesses, and government agencies. A pioneer in the identity theft and fraud protection industry, IdentityForce's innovation and customer-centric approach has made the company a trusted partner for both organizations and individuals.
Learn more about IdentityForce's employee benefit solutions.

[8]Internal Revenue Bulletin Announcement 2016-02