

As Identity Theft Grows, Intelius Hopes Consumers Are Willing To Pay For Protection

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Will consumers pony up \$10 a month for identity theft protection?

A little-known company called Intelius, which specializes in data

search services, is about to find out.

The company on Tuesday will begin selling a service that checks whether personal information is being used illegally. It also provides assistance in the event of ID theft.

Intelius, founded two years ago, is

the second company in as many months to launch an ID theft protection service. MyFICO.com, a unit of Fair Isaac[®], launched a similar service in June. Bluecase Software, meanwhile, plans to join the nascent market next week.

Intelius already taps into the Social Security Administration, credit bureaus and other services to conduct background checks and people searches. It's using the same infrastructure to safeguard personal information.

"We have billions of records that are updated constantly with Social Security affiliations, address changes and phone number changes, and we have been delivering that information to people for a while," said Paul Cook, the company's senior

vice president of business development.

Companies of all sorts are scrambling to fight identity theft.

It's increasingly common for con artists to steal Social Security numbers, credit card and bank account data and use them to make purchases or commit other sorts of fraud.

Last year, the Federal Trade Commission received 246,000 reports of ID theft. That's up from 161,000 in 2002.

Most consumers don't know they've become victims until their creditors start calling, Cook says.

"ID theft is one of those things where you feel violated because someone is out there making purchases in your name," he said. "This is a problem that is hitting more and more consumers."

Consumers who sign up with Intelius' new service will provide the company with personal information, such as their Social Security numbers. All of the information will be stored on the Intelius site.

The company then will periodically check the Internet and other sources, such as the Social Security Agency, to make sure their customers' Social Security numbers are not being used illegally by others.

ID thieves typically move a Social Security number to a new address before they apply for credit cards to make purchases.

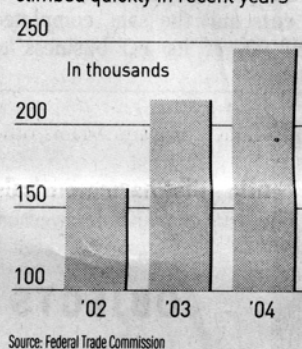
Having a service like Intelius' in place could help stop that practice, says Rob Enderle, an analyst for Enderle Group, a research and consulting firm.

"If you get an early warning that your Social Security number has been moved to another address, you might be able to stop any additional theft from happening," he said.

In the coming weeks Intelius expects to expand its crime prevention scope. The company will add a service that can detect if someone is selling a person's credit card number in a chat room.

Crime Spree

Identity theft reports have climbed quickly in recent years



It's also working on adding another service that would let consumers get daily updates on their credit cards to check for fraud.

Such services could give consumers an edge, Cook says.

"For most people, it takes six months or more before they ever figure out if they are a victim of identity theft," he said.

Intelius also plans to help customers after they become victims of ID theft. The company will send a kit that provides a step-by-step guide to dealing with the problem, including what agencies to contact and what forms to fill out.

The service also provides an identity theft counselor who will help the consumer, Cook says. "By providing the hand-holding, we hope that someone who is a victim of identity theft doesn't feel that they are sitting out there all by themselves trying to figure out what to do," he said.

Intelius' service will cost \$9.95 a month for three months. Consumers who want a longer-term contract can get 12 months for \$95, or three years for \$180.

To get the full protection, people must sign up before they become a victim — not afterward.

"You can't watch your house burn down and then go to an insurance company and expect to get fire insurance for your house," Cook said.

Over the last few years, consumers have proved willing to pay for a range of online services, including those selling music, Web dating and fantasy football.

ID theft protection stands a chance of becoming another Internet staple, Enderle says. It helps that Intelius' price is under \$10 a month, he says. "It seems like anything that's over \$10, people have trouble with," Enderle said.

But a recent survey found many consumers don't feel they should have to pay anything for ID theft protection. The research firm Gartner polled 5,000 consumers in May and found that 70% weren't willing to pay for such a service.

Consumers seem to believe that credit card companies should provide the protection, says Avivah Litan, an analyst for Gartner.