

Consumer Measures Committee

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Comité des mesures en matière de consommation

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# Working Together to Prevent Identity Theft

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Consultation Workbook

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## Request for Comments

The Consumer Measures Committee (CMC) is a forum of federal, provincial and territorial government representatives who cooperate to eliminate barriers to trade between provinces and territories, and to improve the marketplace for Canadian consumers. The CMC is conducting a public consultation on measures to address Identity Theft with the objective of soliciting views from stakeholders and the public on their policy and practical implications. The CMC will then revise and refine the proposals based on stakeholder feedback. A subsequent round of consultations will be held on specific proposals presented in quasi-legislative language, with an indication of which statute(s) would be affected.

By providing background on the issues and a preliminary analysis of the various options for reform, the Discussion Paper *Working Together to Prevent Identity Theft* is intended to facilitate public participation in the reform process.

In order to assist the CMC in reviewing submissions, please structure your comments on the same basis as the Discussion Paper, or use this Workbook. In particular, please provide responses to individual questions, as well as any additional comments you may have. Please focus on developments that can reasonably be expected to occur over the next 10 years and provide as much detail and supporting evidence as possible.

We ask all parties to do their best to assist the CMC in achieving its challenging goal of developing recommendations for the best framework for combating identity theft – irrespective of the short-term costs and benefits for various industry players or consumer groups.

We would greatly appreciate if you would submit your comments electronically by September 15th, 2005. To do so, please enter your responses and e-mail this workbook to us, at:

**E-mail:** [info@cmcweb.ca](mailto:info@cmcweb.ca)

If you prefer to provide a hard copy of your submission, please send it, along with your name and contact information to:

**Mail:** Consumer Measures Committee  
c/o Office of Consumer Affairs  
Industry Canada  
235 Queen Street,  
Ottawa (ON) K1A 0H5

If you wish to submit comments on the *Discussion paper* and options, it is not essential that you use the *Consultation workbook*. You may choose to provide comments in letter form or in an e-mail and if you prefer, to limit your comments to just a few of the options outlined.

All materials or comments received from organizations may be used and disclosed by the Consumer Measures Committee (CMC) or any government body to assist in evaluating and revising the proposed options described below. This may involve disclosing materials, comments or summaries of them, to other interested parties during and after the public comment period.

An individual who provides materials or comments and who indicates an affiliation with an organization will be considered to have submitted those comments or materials on behalf of the organization so identified.

Materials or comments received from individuals who do not indicate an affiliation with an organization may be used and disclosed to assist CMC or other government bodies in evaluating and revising the proposed options. However, CMC or other government bodies will not disclose personal information, such as an individual's name and contact details, unless required by law.

## Your Contact Information

First Name:

Last Name:

Organization & Address:

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### Option I – Truncate (partially blank out) payment card numbers

*Persons that accept payment cards (including credit cards and debit cards) for the transaction of business must not print the expiry date or more than the last five digits of the card number on any receipt generated electronically at the point of sale or transaction.*

**1. Do you think this option would better protect against identity theft?**

Yes  No

**Why or Why not?**

**2. What would be the costs / savings of such an initiative? Who should pay for the costs, if any?**

**3. Should there be exemptions? If yes, what type?**

**4. Should there be a penalty associated with this provision (as proposed in Option 9)?**

**5. For this option, who should ultimately be responsible for losses incurred from identity theft?**

**6. Are there disadvantages for consumers or industry? Please describe.**

**7. What are the existing or planned industry standards for truncation of payment cards, and if any, what are timelines for implementation? Do the standards exclude handwritten and/or imprinted cards?**

**Option II – Verify the identity of persons and organizations accessing credit reports**

*Credit bureaus must take reasonable steps to authenticate the people and organizations that are accessing credit reports.*

**1. Do you think this option would better protect against identity theft?**

Yes  No

**Why or Why not?**

**2. What would be the costs / savings of such an initiative? Who should pay for the costs, if any?**

**3. Should there be exemptions? If yes, what type?**

**4. Should there be a penalty associated with this provision (as proposed in Option 9)?**

**5. For this option, who should ultimately be responsible for losses incurred from identity theft?**

**6. Are there disadvantages for consumers or industry? Please describe.**

**7. Should this obligation to authenticate be required of third party resellers of credit reports? If not, why not?**

- 8. Do credit bureaus provide different levels of information in credit reports depending on the need of the organization and/or individual requesting the credit report? If so, what standards are applied?**

- 9. What would be the costs associated with authenticating credit lenders and consumers?**

**Option III – Do not disclose social insurance numbers (SINs) on credit reports or use them as a unique identifier for consumers**

*Where it is appropriate for financial institutions to collect SINs, they should keep the numbers confidential. In particular, consumer reporting agencies and financial institutions should not use a SIN as a unique identifier for consumers, or disclose the consumer's SIN on a credit report.*

- 1. Do you think this option would better protect against identity theft. Why or why not?**

- 2. What would be the costs / savings of such an initiative? Who should pay for the costs, if any?**

**3. Should there be exemptions? If yes, what type?**

**4. Should there be a penalty associated with this provision (as proposed in Option 9)?**

**5. For this option, who should ultimately be responsible for losses incurred from identity theft?**

**6. Are there disadvantages for consumers or industry? Please describe.**

**7. For financial institutions, is there an industry standard with respect to requesting the SIN? If so, when is it requested and when is it not requested. What are the grey areas?**

**8. For retailers, real estate agencies, telecomm companies, are there any industry standards in terms of when SINs are requested?**

**9. What would be the costs associated with developing a unique identifier? How long would it take to implement this?**

**10. Would truncating the SIN be a preferred solution? If so, how could that be implemented?**

**Option IV – Allow consumers to place freezes on their credit reports**

*Upon a consumer’s request, credit bureaus must place a freeze on the consumer’s credit report free of charge. If a freeze is in place, the credit bureau would not be permitted to release the credit report to a third party without prior express authorization from the consumer. Authorization may be obtained by contacting the consumer at a predetermined telephone number or street address.*

**1. Do you think this option would better protect against identity theft. Why or why not?**

**2. What would be the costs / savings of such an initiative? Who should pay for the costs, if any?**

**3. Should there be exemptions? If yes, what type?**

**4. Should there be a penalty associated with this provision?**

**5. For this option, who should ultimately be responsible for losses incurred from identity theft?**

**6. Are there disadvantages for consumers or industry? Please describe.**

**7. Should this be offered as a preventive and/or post theft instrument?**

**8. Are there implications for monitoring of credit worthiness and other marketing activities?**

**9. Should there be any exceptions to the freeze on credit reports?**

**10. Should there be a reasonable cost-recovery fee chargeable for this service?**

**Option V – Require organizations that store personal information to notify individuals and credit bureaus in cases of security breaches**

*When the security of personal information held by an organization is breached, the organization must contact the individuals whose personal information has been compromised as well as relevant credit bureaus as soon as reasonably possible*

**1. Do you think this option would better protect against identity theft. Why or why not?**

**2. What would be the costs / savings of such an initiative? Who should pay for the costs, if any?**

**3. Should there be exemptions? If yes, what type?**

**4. Should there be a penalty associated with this provision?**

**5. For this option, who should ultimately be responsible for losses incurred from identity theft?**

**6. Are there disadvantages for consumers or industry? Please describe.**

**7. Are there any market place incentives, i.e. contractual obligations that require organizations to disclose when they have had a breach of security? If so, what are they and do they pertain solely to breaches of specific information, i.e. financial breaches?**

**8. As a consumer, would you be willing to give up some control over your personal information by allowing a company to put a fraud alert on your credit bureau file in a timely way to protect you from identity theft?**

**9. What should be the threshold for notifying the consumer that personal information has been breached?**

**10. Within what period of time, and by what means, should companies have to notify consumers?**

**11. Should this proposal include a duty for the organization to notify PhoneBusters National Call Centre?**

**12. Is this a good approach to achieving a centralized reporting organization that can detect trends and compile more accurate statistics?**

**Option VI – Require credit bureaus to place fraud alerts on consumers’ credit reports in cases of security breaches or upon the request of an identity theft victim**

*Upon receiving notice from an organization that the security of the victim’s personal information has been breached, or upon request by an identity theft victim, a credit bureau must place a*

*fraud alert on the consumer's credit report that his or her identity may have been used without consent to fraudulently obtain goods or services. A creditor that receives a credit report with such a notice must not give or extend credit in the person's name without first taking reasonable steps to verify the identity of the credit applicant.*

- 1. Do you think this option would better protect against identity theft. Why or why not?**

- 2. What would be the costs / savings of such an initiative? Who should pay for the costs, if any?**

- 3. Should there be exemptions? If yes, what type?**

- 4. Should there be a penalty associated with this provision?**

- 5. For this option, who should ultimately be responsible for losses incurred from identity theft?**

- 6. Are there disadvantages for consumers or industry? Please describe.**

**Option VII – Require credit lenders to disclose details of fraudulent debts to victims**

*Upon request, credit lenders must provide identity theft victims with details regarding the fraudulent debt that was incurred in their name.*

- 1. Do you think this option would better protect against identity theft. Why or why not?**

- 2. What would be the costs / savings of such an initiative? Who should pay for the costs, if any?**

- 3. Should there be exemptions? If yes, what type?**

- 4. Should there be a penalty associated with this provision?**

- 5. For this option, who should ultimately be responsible for losses incurred from identity theft?**

**6. Are there disadvantages for consumers or industry? Please describe.**

**Option VIII – Require credit bureaus to block information about fraudulent debts appearing on a consumer’s credit report**

*Upon receipt of proof of identity theft, a credit bureau must block information about debts incurred in a consumer’s name by an identity thief from being reported in the consumer’s credit report. A credit bureau may deny or rescind a block in certain circumstances. If the block is denied or rescinded, the bureau must notify the consumer of their decision to do so and provide reasons for their decision.*

**1. Do you think this option would better protect against identity theft. Why or why not?**

**2. What would be the costs / savings of such an initiative? Who should pay for the costs, if any?**

**3. Should there be exemptions? If yes, what type?**

**4. Should there be a penalty associated with this provision?**

**5. For this option, who should ultimately be responsible for losses incurred from identity theft?**

**6. Are there disadvantages for consumers or industry? Please describe.**

**7. Should information be blocked based on the consumer submitting the identity theft statement? Alternatively, should there be time for the credit bureau to verify facts with the credit lender before blocking the information?**

**8. Blocked information may need to be retained on file for investigation purposes. But, at what point should information that is blocked be completely removed from the file?**

**9. Should blocks be streamlined such that when information is blocked at one credit bureau, it is handled in the same way at other credit bureaus? Alternatively, should**

**there be one central clearing agency for handling consumer requests to block information about debts incurred by identity thieves?**

**Option IX - Make organizations liable for damages**

*Organizations would be liable for damages for failing to comply with the following proposals:*

*A. Creditors must:*

*(a) Contact consumers at a pre-designated telephone number before issuing credit, where there is a fraud alert on the credit file,*

*B. Credit bureaus must:*

*(a) Properly verify the identity of someone accessing a credit report, or*

*(b) Put a freeze on consumers' credit report in accordance with the provisions set out in Option 4,*

*(c) Put a fraud alert on the file where requested to do so in accordance with the provisions set out in Option 6,*

*(d) Block information in accordance with the provisions set out in Option 8.*

*C. All Organizations must:*

*(a) Truncate payment card numbers in accordance with the provisions set out in Option 1,*

*(b) Notify people affected by a security breach in accordance with the provisions set out in Option 5.*

*All these organizations would be legally responsible for damages suffered by identity theft victims if they fail to comply with these measures.*

**1. Do you think this option would better protect against identity theft. Why or why not?**

**2. What would be the costs / savings of such an initiative? Who should pay for the costs, if any?**

**3. Should there be exemptions? If yes, what kind?**

**4. For this option, who should ultimately be responsible for losses incurred from identity theft?**

**5. Are there disadvantages for consumers or industry? Please describe.**

### **Option X – Inform victims of their rights**

*Organizations must make information about victim’s rights readily available. Repairing the effects of identity theft is a costly and time-consuming process. Victims need information in plain language that tells them how to settle fraudulent debts and correct their financial and credit records.*

**1. Do you think this option would better protect against identity theft. Why or why not?**

**2. What would be the costs / savings of such an initiative? Who should pay for the costs, if any?**

**4. Should there be a penalty associated with this provision?**

**5. For this option, who should ultimately be responsible for losses incurred from identity theft?**

**6. Are there disadvantages for consumers or industry? Please describe.**

**7. Should organizations be required to have a toll-free number for this purpose?**

**8. What type of information would be required to provide, e.g. dispute resolution process, how to prevent further ID theft (alerts, freezes, blocking of information), identity theft statement, contact names and numbers, etc?**

**9. ~~Should a separate centralized agency be set up for this purpose? Should such an agency also help facilitate requests for fraud alerts following security breaches, freezes on credit reports and the blocking of negative information in a streamlined manner?~~**

**Please attach any additional comments you may wish to convey.**

**Thank you for your participation in this consultation.**