

**Detecting & Responding to “Red Flags” of
Identity Theft in the Energy & Utilities Markets**

Support Material for the webinar

Held August 15, 2008

**Risk Assessment & Procedures Outline:
The Precursor to Writing a Red Flag Policy**

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Risk Assessment & Procedures Outline: The Precursor to Writing a Red Flag Policy

About the author:

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These are Red Flags, including their identification, detection, response to and verification and updating processes either suggested by Appendix J to part 334, Supplement A to Appendix J to Part 334 or appear to be relevant to the Utility Industry. These may or may not be applicable to a particular Utility or may not be considered relevant depending on their historical experience. Also due to certain demographic and economic influences there may be other Red Flags that should be included. This is not to be construed to be a complete list of Relevant Red Flags, their identification, detection, response to and verification and updating processes, for any particular business or industry and should only be relied on as a reference tool and not be used as a business's or industry's only reference in developing a risk assessment, procedures or a red flag policy.

Part One: Red Flag Identification

These do not include any Red Flags that a Utility may be subject to if they have face to face contact with customers:

- Positive Identification Cautions from a CRA or other third party provider (at time of application)
 - SSN issued in last five years
 - Original owner deceased
 - Owner is incarcerated
 - SSN Misused
 - SSN possible Tax ID number
 - True Name Fraud
 - SSN Not issued by SS Administration *
 - Others
- Unauthorized Credit/Debit Card (when making payments)
- Account Closed or Account Not Found NSF's (when making payments)
- Diversion (during service or after cut)
- Multiple SSN usage (third party [i.e. federal court] reports different SSN then one used to set up account)

- Fraud/Active Duty Alert (if/when CBR pulled or through ID verification)
- Credit Freeze (if/when CBR pulled or through ID verification)
- Address discrepancy as compared to CBR (if/when CBR pulled or through ID verification)
NOTE: only if you pass an input address to a CRA
- Suspicious documents presented (known or suspected to be altered, forged or inconsistent information)
- Multiple attempts to create a successor or Failed attempt to create a successor (during delinquency or after cut)
- New Account cut for no-pay (this is defined as customer NEVER having made ANY payment) or only one payment (after cut)
- Failure to properly answer 'challenge questions' (during customer inquiry or time of application if "out of wallet" questions used)
- SSN given does not match name use in our system (at time of set up)
- SSN use at multiple addresses (need query) NOTE: if system does not allow multiple accounts for same SSN (parent-child relationship) then this is not relevant
- Missed payments on well established high scoring customer (during delinquency)
- Customer notification that statements/bills not being received. (during customer inquiry)
- Account reported to be used by a person known for identity theft (reported by: customer, victim, law enforcement or other person)
- EA Agency reports different tenants than customer of record (at time of pledge on delinquent account) NOTE: only applicable if energy assistance is applied by customer and not by address.
- NOTE: any Red Flag suggested by the rule making or otherwise should also be addressed and explained as to why they are not considered relevant to the business.

Part Two: Detection of Red Flags

The Utility must ensure that every Identified Relevant Red Flag can be detected in at least one of the following. If individual processes allow for other methods of detection the should be included here as well. The Utility should be as explicit as possible in explaining how and why the Identified Relevant Red Flag can be detected within the particular time frame or method.

- 1) At time of application for new service
- 2) During account delinquency
- 3) After CUT
- 4) After Customer Inquiry
- 5) After Query

Part Three: Response

APPROPRIATE RESPONSES by RED FLAG TYPE

It would be suggested that all detected Red Flags are recorded in a data base including the response taken. Also it would be suggested that some form of identifier be placed on the account/premise. Notification letters should also be sent out to victim or customer regarding the Red Flag. All Identified Relevant Red Flags need to be listed here with a full explanation of how the Business will investigate and respond to the detected Red Flag, the more explicit the better, although if being used in different territories with different processes and/or regulations it should be worded in such a way as to be all encompassing and allow for future changes to processes.

Part Four: Verification and Update of Red Flags

At bare minimum it is suggested that the Utility be explicit as to all the Industry Groups they are a member of and any and all other sources like CRA's that may be utilized to maintain current knowledge of best practices and new regulations, both state and federal within the Utility Industry as they apply to the FCRA, FACTA and the Red Flag Rules. A particular department (person) needs to be held responsible for the maintenance of all data bases, letters and reports design and used within this policy and program.

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