

## **SAMPLE IDENTITY THEFT PREVENTION PROGRAM FOR FUNERAL HOMES**

1. Introduction: If your funeral home undertakes any of the following actions, it needs to institute and approve an Identity Theft Prevention Program:
  - a) Regularly enters into arrangements with at-need or preneed consumers which allow the consumers to pay for funerals in multiple payment installments; or
  - b) Regularly sells preneed insurance policies as an agent for an insurance company which allows the consumer to purchase the policy through multiple installment payments; or
  - c) Regularly refers consumers to consumer financing companies that extend the consumers credit to purchase funerals.
  
2. Instructions: In drawing up an Identity Theft Prevention Program (the “Program”), a funeral home is to identify those red flags which pose a risk of identity theft. After identifying those red flags, the Program should address how the funeral home will detect and prevent the red flags. Finally, the Program must explain how the funeral home will periodically update the Program.

The sample Program should give the funeral home a suitable model to construct a Program. Once the Program is completed and a management employee is named as Compliance Officer (see page 2 of the model Program), have the Program approved by the Board of Directors or funeral home management. Training of funeral home staff in the details of the Program must be held and documented. The Compliance Officer should periodically assess the effectiveness of the Program and make a report to funeral home management if changes in the Program are needed to make it more effective.

----- **Funeral Home**  
**Identity Theft Prevention Program**

**Purpose**

The \_\_\_\_\_ Funeral Home (the “Funeral Home”) establishes this Identity Theft Prevention Program (“Program”) to detect, prevent and mitigate identity theft in connection with the opening of a Funeral Account or the maintenance of an existing Funeral Account and to provide for continued administration of the Program in compliance with Part 681 of Title 16 of the Code of Federal Regulations implementing Sections 114 and 315 of the Fair and Accurate Credit Transactions Act (FACTA) of 2003.

**Definitions**

**Identity theft** means fraud committed or attempted using the identifying information of another person without authority.

**A Funeral Account** for the purpose of this Program means:

1. An account that the Funeral Home offers or maintains for at-need or preneed consumers that involves or is designed to permit multiple payments;
2. A credit account that the Funeral Home opens up for a consumer financing company or similar financial institution which will extend credit directly to a at-need or preneed consumer; or
3. An account that the Funeral Home opens for an insurance company issuing an insurance policy to a preneed consumer of the Funeral Home which will allow the consumer to purchase the policy by making multiple payment installments.

**A red flag** means a pattern, practice or specific activity that indicates the possible existence of identity theft.

**The Program**

The Program established by the Funeral Home shall include reasonable policies and procedures to:

1. Identify relevant red flags for the Funeral Accounts it offers or maintains and incorporate those red flags into the Program;
2. Detect red flags that have been incorporated into the Program;
3. Respond appropriately to any red flags that are detected to prevent and mitigate identity theft; and
4. Ensure the Program is updated periodically to reflect changes in risks to consumers and to the safety and soundness of the Funeral Home from identity theft.

The Program shall, as appropriate, incorporate existing policies and procedures that control reasonably foreseeable risks.

## **Administration of Program**

1. \_\_\_\_\_ (as the designated Compliance Officer) shall be responsible for the development, implementation, oversight and continued administration of the Program.
2. The Program shall train Funeral Home staff, as necessary, to effectively implement the Program; and
3. The Program shall exercise appropriate and effective oversight of service provider arrangements.

## **Identification of Relevant Red Flags**

1. The Program shall include relevant red flags from the following categories as appropriate:
  - a. Alerts, notifications, or other warnings received from consumer reporting agencies, insurance companies, or consumer financing companies to whom the Funeral Home refers consumers, such as fraud detection services;
  - b. The presentation of suspicious documents by the consumer;
  - c. The presentation of suspicious personal identifying information;
  - d. The unusual use of, or other suspicious activity related to, a Funeral Account; and
  - e. Notice from consumers, victims of identity theft, law enforcement authorities, or other persons regarding possible identity theft in connection with Funeral Accounts.
2. The Program shall consider the following risk factors in identifying relevant red flags for Funeral Accounts as appropriate:
  - a. The types of Funeral Account offered or maintained;
  - b. The methods that the Funeral Home uses to open a preneed or at-need Funeral Account;
  - c. The methods that the Funeral Home uses to allow access to Funeral Accounts; and
  - d. The Funeral Home's previous experience with identity theft.
3. The Program shall incorporate relevant red flags from sources such as:
  - a. Incidents of identity theft previously experienced;
  - b. Methods of identity theft that reflect changes in risk; and
  - c. Applicable supervisory guidance.

## **Detection of Red Flags**

The Program shall address the detection of red flags in connection with the opening of Funeral Accounts and the maintenance of existing Funeral Accounts, such as by:

1. Obtaining identifying information about, and verifying the identity of, a consumer opening a Funeral Account; and
2. Authenticating consumer identities, monitoring transactions, and verifying the validity of change of address requests in the case of existing Funeral Accounts.

## **Response**

The Program shall provide for appropriate responses to detected red flags to prevent and mitigate identity theft. The response shall be commensurate with the degree of risk posed. Appropriate responses may include:

1. Monitor a Funeral Account for evidence of identity theft;
2. Contact the consumer;
3. Change any passwords, security codes or other security devices that permit access to a Funeral Account;
4. Reopen a Funeral Account with a new account number;
5. Not open a new Funeral Account;
6. Close an existing Funeral Account;
7. Notify law enforcement; or
8. Determine no response is warranted under the particular circumstances.

## **Updating the Program**

The Program shall be updated periodically to reflect changes in risks to consumer or to the safety and soundness of the Funeral Home from identity theft based on factors such as:

1. The experiences of the Funeral Home with identity theft;
2. Changes in methods of identity theft;
3. Changes in methods to detect, prevent and mitigate identity theft;
4. Changes in the types of accounts that the Funeral Home offers or maintains;
5. Changes in the business arrangements of the Funeral Home, including mergers, acquisitions, alliances, joint ventures and service provider arrangements.

## **Oversight of the Program**

1. Oversight of the Program shall include:
  - a. Assignment of specific responsibility for implementation of the Program;
  - b. Review of reports prepared by Funeral Home staff regarding compliance; and
  - c. Approval of material changes to the Program as necessary to address changing risks of identity theft.
2. Reports shall be prepared as follows:
  - a. The Funeral Home Compliance Officer shall report to Funeral Home Ownership at least annually on compliance by the Funeral Home with the Program.
  - b. The report shall address material matters related to the Program and evaluate issues such as:
    - i. The effectiveness of the policies and procedures in addressing the risk of identity theft in connection with the opening of Funeral Accounts and with respect to maintaining existing Funeral Accounts;
    - ii. Agreements or arrangements with customer referrals to consumer financing companies or insurance companies;

- iii. Significant incidents involving identity theft and management's response;  
and
- iv. Recommendations for material changes to the Program.

### **Oversight of Service Provider Arrangements**

The Funeral Home shall take steps to ensure that the activity of a referred consumer financing company or an insurance company offering preneed insurance policies is conducted in accordance with reasonable policies and procedures designed to detect, prevent and mitigate the risk of identity theft whenever the Funeral Home refers a customer to the consumer financing company or sells a preneed insurance policy on an installment basis.

### **Duties Regarding Address Discrepancies**

The Funeral Home shall develop policies and procedures designed to enable the Funeral Home to form a reasonable belief that a credit report relates to the consumer for whom it was requested if the Funeral Home receives a notice of address discrepancy from a nationwide consumer reporting agency indicating the address given by the consumer differs from the address contained in the consumer report.

The Funeral Home may reasonably confirm that an address is accurate by any of the following means:

1. Verification of the address with the consumer;
2. Review of the Funeral Home's records;
3. Verification of the address through third-party sources; or
4. Other reasonable means.

If an accurate address is confirmed, the Funeral Home shall furnish the consumer's address to the nationwide consumer reporting agency from which it received the notice of address discrepancy if:

1. The Funeral Home establishes a continuing relationship with the consumer; and
2. The Funeral Home, regularly and in the ordinary course of business, furnishes information to the consumer reporting agency.