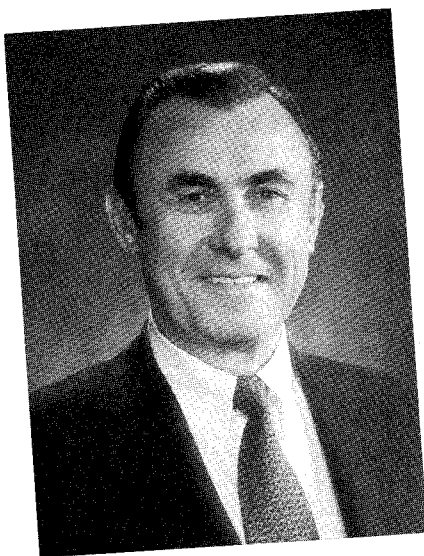


# Consumer Information and Privacy

*The Equifax Perspective*

**EQUIFAX**



## *Introduction from the Chairman*

*C. B. Rogers, Jr., Chairman, CEO*

For almost 100 years, Equifax has provided information services that help consumers obtain credit, insurance, employment and other benefits, while helping businesses and employers evaluate the risks and opportunities in such financial and employment transactions.

Our business customers rely on us for timely, accurate, and relevant information for risk assessment. Individual consumers expect that the information we supply about them will be accurate and will be provided only for legitimate business purposes. The economy depends upon current and precise information to assure effective and competitive transactions.

Throughout nearly a century of operations, as the needs of the marketplace and society's sense of appropriate standards for risk assessment have changed, Equifax has adapted its policies and procedures to reflect those changes. As new laws and regulations have been adopted to assure fair information practices in the consumer reporting industry, Equifax has led in their development and adheres to them in both letter and spirit.

Today, however, in an age of rapidly changing consumer services fueled by advanced information technology, companies such as ours must do more than follow the law to maintain the public's respect and merit consumers' trust. Leaders in our industry must learn, on the one hand, what consumers see as a fair balance between supplying information to businesses to obtain the services and benefits consumers seek from such businesses, while concurrently, on the other hand, respecting the consumer's legitimate rights to privacy. Businesses must then create operating policies and practices that support such fair balances, well before these may be written into law.

In the 1980s, Equifax created and published a code of fair information practices to reflect our commitment to operate as responsible stewards of the consumer information we collect and maintain. We committed ourselves to update and improve that code as changes in the marketplace and in social values might require.

This Equifax document reflects just such an updating of the Equifax fair information code for the 1990s. It explains our current role in connecting consumers and business, states our beliefs and policies about fair information uses, and explains the procedures and practices we follow to carry out our policies.

Most importantly, our Code epitomizes the continuing commitment of Equifax's 12,000 employees to provide the highest quality information for consumer services while adhering to the highest standards of fair information practices.

---

# Equifax believes that individuals should have the following rights:

The right to be considered for credit, insurance, employment and other benefits on their own merits, based on their record of actions and performances.

The right to be treated with respect and fairness whenever information about them is used.

The right to privacy consistent with the requests and demands they make of business.

The right to have their applications for benefits or opportunities evaluated on the basis of relevant and accurate information.

The right to know what information has been provided about them for consumer reporting purposes.

The right to know what consumer data is being maintained about them and to be able to review the information in a reasonable time, at a charge that is not excessive, in a format that is understandable, and with an ability to challenge and correct inaccurate information.

The right to expect that information about them that is collected or stored for consumer reporting purposes will not be used for unanticipated purposes without notice or consent appropriate to the circumstances.

The right to expect levels of accuracy consistent with sound practices of record keeping and information systems management.

The right to have information about them safeguarded through secure storage, confidential handling within the organization, and careful transmittal to authorized and legitimate users.

# The Role of Equifax: Information Stewardship

*What does Equifax do?*

Equifax helps people and businesses complete financial transactions.

Each year millions of people use credit cards, write checks, open charge accounts, apply for jobs, and insure their lives, health, homes and property. All these transactions require timely and reliable personal information. Equifax gathers such information, processes it, and transmits it to the banks, retailers, insurers, and other organizations that use it as the basis for granting these benefits.

*What information do we gather?*

The information that Equifax gathers must be relevant to the intended transaction and helpful to the decision-making process. In determining what information to report, Equifax draws upon custom, changing social values, and the needs of the marketplace. Equifax gathers and reports information that consumers and businesses recognize as necessary for the conduct of business.

For example, for a lender to approve a loan transaction, we provide information on a consumer's credit accounts, including the dates opened, dates of last activity, terms agreed to, balances, current status of accounts, and payment history.

For property or automobile insurance transactions, we provide information on the claims filed, including type of claims, identification of the policyholders, types of policies and insurance companies, status of claims, and amounts paid, where applicable.

Equifax does not gather or store information that has no bearing on the benefits for which a consumer is being considered. Consumers have the right to review the information, to ask questions, and to challenge and correct inaccurate consumer report information.

*What do we do with this information?*

Some information is gathered and stored on databases for retrieval when a financial transaction takes place. Often, we store and maintain information that is historical in nature and used repeatedly over time, such as a credit history. The best method of determining credit worthiness, for

*How does Equifax benefit consumers, business and the economy?*

example, is to know how a person has managed financial obligations in the past. In other cases, we may gather information on a one-time basis without retention to help a business make one specific determination — such as whether to employ an applicant or underwrite an automobile insurance policy.

Each day American consumers buy thousands of homes, cars, and major appliances. Most of these transactions are made on credit. The availability and reliability of credit history information makes it possible for these transactions to occur rapidly and efficiently.

Insurance premiums are more reasonable in cost because underwriters can obtain the necessary information to evaluate a person's application on his or her own merit. For example, life and health insurance underwriters, with a direct authorization by the consumer, can obtain from the consumer's attending physician a statement providing relevant information about the applicant's current and historical medical condition. Such medical information is not databased by Equifax.

Underwriters can also request Life & Health Underwriting Reports, which provide information needed to validate statements made on the insurance application. For the property and casualty insurance markets, Equifax offers an automated claims exchange database on automobile and property claims to help insurance companies evaluate the costs and risks of insuring drivers and motor vehicles. Information services also help reduce the costs of exaggerated or fraudulent claims.

Employers who use Equifax Employment Reports are better able to evaluate prospective candidates for particular job positions. These reports help confirm statements made by applicants and help employers protect the safety of employees, customers, and the public. They also help protect employers against substantial legal liability for negligent hiring.

*Who can order or obtain consumer information?*

First of all, the consumer, the subject of a report, has the right to know the contents of a report provided about him or her. Whether for credit, insurance, or employment, information gathered or reported by Equifax is available to the individual consumer. If a consumer questions any information in the report, we will recheck the information and make any corrections if there is erroneous or out-of-date information. If we can no longer confirm any particular information, we will remove it from the report. If we do confirm it, we will include the consumer's written statement about the information in question.

*What legal requirements and voluntary practices govern our business?*

The federal Fair Credit Reporting Act (FCRA) and various state laws govern the conduct of our business. Users of our services must comply with this legislation, which specifies punishment and fines for improper and illegal accessing of consumer report information. Federal and state laws do provide a basic framework for our information practices, but, in many instances, Equifax goes beyond the legal requirements to set additional standards and procedures in the interest of consumer service and privacy. For example, though not required by law, our practice is to provide consumers who have not been denied credit, insurance, or employment with detailed disclosure of all information in our file in easy-to-understand formats and with a system of toll-free access. Our information consultants are trained to provide quick and courteous service, and, whenever a recheck of information is requested, we follow up the process with a new, complete report.

We are permitted to furnish consumer reports only to those businesses having a permissible purpose — credit evaluation, insurance underwriting, employment decisions, the granting of a license, or other business needs involving a transaction with the consumer. To ensure that consumer report information is kept strictly confidential and is used only for permissible purposes, we carefully screen applications from businesses who want to receive consumer reports. We visit each applicant's premises to confirm identity and purpose of use, and we require every user to certify that reports will be requested in compliance with the aforementioned legal requirements.

# New Realities of Consumer Information Services

INFORMATION FOR CONSUMER TRANSACTIONS has evolved from personal relationships between merchants and consumers in a local setting to a current global situation where financial transactions are between strangers, often located in different parts of the country or the world. As technology speeds up processes, consumers now expect loans and check approvals in minutes or seconds, rather than the several days or weeks that once were required.

In the past, consumer information services have provided information about consumers for business. Often consumers have not been active participants in the information process. Today, that is changing. Through several years of research and dialogue, we have recognized the growing importance of information to the individual and the importance of treating individuals as valued stakeholders in the consumer reporting process.

Information about consumers is also for consumers. Equifax wants to give people easy access to information reported about them and to foster understanding of the three-way consumer reporting process among the consumer, benefit granter, and Equifax, the reporting agency. Our goal is to deliver high quality, personal service to individuals on whom we maintain information and to provide that service in a manner that goes well beyond the letter of the laws which guide the information industry.

# The New Emphasis on Individual Rights

OUR CONSUMER SERVICE GOALS have been based in large part on our continuing sponsorship of public opinion surveys conducted by Louis Harris and Associates with Dr. Alan Westin of Columbia University as academic advisor. Our 1990 landmark survey, The Equifax Report on Consumers in the Information Age, and annual follow-up surveys have revealed that most Americans are concerned about threats to their personal privacy and desire a larger degree of participation in the ways that information is gathered about them and used. The survey also found that Americans are basically pragmatic about the use of their personal financial information, value the benefits made possible by the collection and use of that information, and will support such uses as long as they know fair information practices are observed.

In a new age of technology and expanding information sources, there is clearly a need for a continuing balance between the legitimate information needs of our economic system and the privacy interests of our citizens. Current consumer protection law provides a good framework for maintaining the appropriate balance, setting out permissible purposes, establishing accuracy standards, and allowing consumers to view data and seek explanations or corrections, if necessary.

As the leading provider of information for consumer financial transactions, Equifax continues to be a pioneer in consumer-oriented initiatives, especially in the area of consumer privacy. We believe the information we gather and provide is the lubricant on which our nation's economy runs and prospers. We also believe in the rights of individuals to participate in decisions over the use of information about them: to know what information is gathered, what is done with it, who can obtain it, and what benefits accrue as a result of its proper availability.



# Putting Equifax Beliefs Into Practice

*THE FOLLOWING ACTIONS and initiatives have been undertaken to enhance privacy protection, improve information accuracy, and provide professional service to consumers.*

- We conduct annual national surveys of consumer attitudes about privacy and fair information use.
- We consult with privacy experts, representatives of consumer groups and commentators about privacy concerns and data protection issues.
- We conduct regular privacy audits of our various information services. Dr. Alan Westin, Columbia University Professor of Public Law and Government and noted privacy expert, conducts these audits.
- Security systems are continually reviewed and strengthened to protect information systems.
- New state-of-the-art software logic helps ensure maximum accuracy in data input and delivery.
- Expert systems help ensure data integrity; automated systems track the progress of consumer requests for reinvestigation.
- Standardized formats and data reporting procedures improve speed and consistency of data.
- The Equifax Office of Consumer Affairs assures quality service and acts as an ombudsman for consumers.
- Equifax opened a first-of-its-kind Information Service Center in December 1991 - with excellent service standards and a service attitude that treats consumers as valued customers.
- Information consultants provide courteous and prompt disclosure and reinvestigation of questions or disputes. Automated systems deliver rapid service.
- Redesigned report formats improve consumer understanding of information.
- Periodic surveys of consumers who have obtained their credit report help us track performance and assure continued high service quality.

## What's Next For Equifax?

WE ARE PLEASED with the progress that has been made, but we know there is more to be done. We continue to review our procedures and to look for ways to make our information more meaningful and our service more effective to businesses and consumers.

We know that continuing changes in technology, information use and public opinion must be monitored very closely and that we must adjust our practices whenever possible to improve information quality, accuracy, consumer service and privacy.

*Our intent is to be the preferred steward of consumer information. We at Equifax pledge to conduct our business in accordance with the beliefs expressed in this document. We are committed to superior information practices worthy of the public trust.*

## What if I Have a Question?

PLEASE WRITE OR CALL us if you have any questions about your rights or our information practices. We will answer your inquiries or direct you to our appropriate business activity in accordance with your request.

Equifax Inc.

Corporate Public Affairs

1600 Peachtree Street, N.W.

Atlanta, Georgia 30309

(404) 885-8231