July 23, 2004

VIA ELECTRONIC MAIL AND FACSIMILE

Jennifer J. Johnson
Secretary, Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

Re: Docket No. OP-1195

I. INTRODUCTION

ChoicePoint Inc. is the leading provider of identification and credential verification services for making smarter decisions in a world challenged by increased risks. Serving the needs of business, government, non-profit organizations and individuals, ChoicePoint works to create a safer and more secure society through the responsible use of information while ensuring the protection of personal privacy.

ChoicePoint Precision Marketing Inc., a subsidiary of ChoicePoint Inc., provides a sophisticated array of data and campaign management services, ranging from large-scale database management services and campaign execution outsourcing to distributed sales-force lead generation and loyalty systems. ChoicePoint Precision Marketing, in conjunction with the three national credit bureaus, provides prescreened solicitation services to its customers.

The following information is provided in response to the Federal Reserve Board's request for public comment to assist it in preparation of the study concerning prescreening solicitations. ChoicePoint Precision Marketing appreciates the opportunity to submit formal comments in this matter.

II. RESPONSES TO SPECIFIC QUESTIONS POSED

1. To what extent are insurance providers providing prescreened solicitations to consumers?

The use of prescreened solicitations is a widely recognized tool for business development and constitutes a significant form of direct marketing in the insurance industry.

2. What statutory or voluntary mechanisms are available to a consumer to notify lenders and insurance providers that the consumer does not wish to receive prescreened solicitations?

As required by Section 604(e) of the Fair Credit Reporting Act ("FCRA"), consumers may request that consumer reporting agencies ("CRA") exclude their names and addresses from being provided to creditors and insurers to be used in sending prescreened solicitations. Prescreened solicitations must contain the address and toll-free phone number of the consumer reporting agency which provided the name and address of the consumer to whom the solicitation was made and consumer reporting agencies must maintain a notification system through which the consumer may request exclusion of the use of their personal information from future prescreened solicitations. Such requests must be honored for a period of five years. The three national credit bureaus maintain a "tri-bureau" opt-out list which consumers may use through one central toll-free number.

In addition, the Direct Marketing Association ("DMA"), ChoicePoint, and federal and state government agencies all maintain "opt-out" lists for various forms of marketing. The DMA maintains the Telephone Preference Service and the Mail Preference Service for consumers to opt-out of marketing offers, including prescreened offers, sent by its members. In addition to applying the preceding lists, ChoicePoint maintains its own internal marketing opt-out list and will, upon request, remove any consumer from our marketing databases.

3. To what extent are consumers currently utilizing existing statutory and voluntary mechanisms to avoid receiving prescreened solicitations?

Approximately 20 to 25 million consumers have taken advantage of the tri-bureau opt-out procedure. The Direct Marketing Association maintains a file of consumers wishing to opt-out of receiving telephone solicitations (Telephone Preference Service) and consumers wishing to opt-out of receiving direct mail solicitations (Mail Preference Service). The Telephone Preference Service currently contains approximately 8,100,000 numbers and the Mail Preference Service currently contains approximately 4,300,000 names. The Federal Do-Not-Call list, under which consumers may exclude their number from being used to make telemarketing offers, contains approximately 62,000,000 numbers.

4. What are the benefits to consumers in receiving prescreened solicitations?

Prescreening provides a number of important benefits, which result in greater consumer access to credit and insurance at lower costs:

(a) Prescreening provides underserved consumer markets with access to credit/insurance products and services targeted to those consumers that would otherwise require a significant investment of time and expense by the consumer to locate such products and services;

(b) Prescreening provides access to credit/insurance to consumers that otherwise would not have access to such services as a result of the expense of identifying and processing such individuals;

(c) Prescreening allows for more accurate, faster and economical decision-making by creditors/insurers, which lowers the cost and expands the availability of credit/insurance to the consumer;

(d) Prescreening enhances competition among creditors/insurers by encouraging the entry of new competition by reducing the cost of assessing the risk of new borrowers/insureds; and

(e) Prescreening reduces the overall cost of credit/insurance to consumers by allowing creditors/insurers to target specific market segments, which reduces the creditor's/insurer's marketing costs.

5. What significant costs or other adverse effects, if any, do consumers incur as a result of receiving prescreened solicitations? For example, to what extent, if any, do prescreened solicitations contribute to identity theft or other fraud? What percent of fraud-related losses are due to identity theft emanating from prescreened solicitations?

We believe the costs or risks to consumers occurring as a result of receiving prescreened solicitations are minimal. Consumer reporting agencies are required to have prospective users of consumer reports certify the purpose for which the data is being used and certify that the data will be used for no other purpose. Consumer reporting agencies currently reserve the right to seed prescreened lists with decoy names to ensure compliance with the FCRA, as well as perform periodic audits of users of consumer reports. The FCRA limits the scope of personally identifiable information that can be provided to the user, specifically prohibiting the release of social security numbers or trade line credit information. Personally identifiable information appearing in a written solicitation is generally limited to the consumer's name and address. In addition, a consumer will still generally be screened once they "accept" a prescreened solicitation. This additional screening includes authenticating the identity of the consumer receiving the prescreened solicitation. The threat of identity theft or other fraud is minimal.

6. What additional restrictions, if any, should be imposed on consumer reporting agencies, lenders or insurers to restrict the ability of lenders and insurers to provide prescreened solicitations to consumers? How would these additional restrictions benefit consumers? How would these additional restrictions affect the cost consumers pay to obtain credit or insurance, the availability of credit or insurance, consumers' knowledge about new or alternative products and services, the ability of lenders or insurers to compete with one another, and the ability of creditors or insurers to offer credit or insurance products to consumers who have been traditionally underserved?

The FCRA currently requires a certification process for users of consumer reports for prescreened solicitations. The FCRA requires that companies making a prescreened solicitation be "posted" to the consumer's credit report so that consumers can readily identify those companies that have accessed the consumer's report information. The FCRA requires an opt-out mechanism by which consumers may prohibit consumer reporting agencies from releasing their personal information to companies to perform prescreened solicitations for a period of five years, with an option to permanently prohibit the release of this information.

Additional restrictions placed upon the prescreening solicitation process would ultimately increase the cost of credit/insurance to the consumer by increasing the cost for access to consumer reports, which increases the marketing costs of the creditor/insurer. The availability of credit or insurance, including new or alternative products and services, will be adversely affected by the imposition of additional restrictions on prescreened solicitations because of the increase in the marketing costs of targeting those consumers that are most likely to be interested in such products. It may be those consumers who have been traditionally underserved that will be the most adversely impacted by additional restrictions because creditors/insurers will be unable to target these consumers with products and services that may be of interest to them. Under the current system and regulatory framework, consumer privacy rights are protected and the risks to consumers, including identity theft or fraud, are minimal. The imposition of additional restrictions would serve little benefit to consumers and would ultimately increase the cost of credit/insurance to the consumer.

Sincerely,

Michael Perrett, Attorney