

September 5, 2007

**To:** Federal Trade Commission  
**Subject:** SSNs In The Private Sector – Comment, Project No. P075414  
**Published:** July 30, 2007  
**Comments Due:** Wednesday, September 05, 2007

Dear Sir or Madam:

This letter is in response to the Federal Trade Commission's request for public comment on the private sector's use and reliance upon social security numbers (SSNs). We have considered the questions posed by the FTC and are providing the information below to contribute to the knowledge and understanding of the importance of SSNs as personal identifiers.

Irwin Financial Corporation is a bank holding company with a history tracing to 1871. The Corporation, through its principal lines of business provides a broad range of financial services to small businesses and consumers in selected markets in the United States and Canada.

We appreciate the FTC's interest in combating identity theft. As an industry, we have strict rules under the Gramm-Leach-Bliley Act to safeguard customer information to keep it from getting into the hands of those who would do harm. However, as a financial services company, SSNs are an important way for us to determine whether to extend credit, insurance, or employment to consumers. Without a reliable way to determine a person's identity, the provision of credit and other financial services would become riskier, more expensive and inconvenient for consumers.

We are pleased to provide the FTC with the following information about the current role of and practices surrounding the use of SSNs at our company.

### **Current Private Sector Collection and Uses of the SSN**

#### **What businesses and organizations collect and use the SSN? For what specific purposes are they used?**

Our personnel frequently collect and use SSNs to qualify new employees, open accounts, verify credit history, ensure income documentation and to report to the government.

We request SSNs to conduct background (criminal, education and credit) checks. This form is faxed to a third party to conduct background checks. The SSN is especially helpful in the event the candidate has had other names.

SSNs are required on the I-9, INS form that is used to verify that the employee is able to work in this country (we retain this form in the human resources department). SSNs are required on life insurance enrollment forms.

We have several third party vendors with which we do business that require customer SSNs. Interfaces used to transfer the consumer SSN are secured methods of communication. We use SSNs to pull FICO scores on seasoned loans and to report loan activity to the credit bureaus.

If a vendor or contractor is a sole proprietor, the SSN is required for tax returns and 1099's. Investors collect the SSNs to send 1099's at year end.

We require complete SSNs from third parties that contact us requesting payoff letters and insurance inquiries.

We do not solely use SSNs for authentication because it is too available. Instead we use multiple identification items. However the SSN is the only thing unique to a consumer and is a critical part of our verification process.

**What is the life cycle (collection, use, transfer, storage and disposal) of the SSN within the businesses and organizations that use it?**

The SSN is used from application to funding and beyond. Our company does not pull the SSN out of any documents within which it is collected. The SSN contained in a file or contract is treated the same as the rest of the information which follows our retention policies as required by state and federal regulations. These files are located in locked file draws and electronic documents accessible only by approved company personnel.

**Are governmental mandates driving the private sector's use of the SSN?**

Yes. There are some regulations that require us to provide SSNs in our reporting. Examples include the Bank Secrecy Act and requirements under the Internal Revenue Service. Other government regulations restrict the use and availability of SSNs. Examples include the Gramm-Leach-Bliley Act and HIPPA on the federal side and a myriad of state privacy laws.

**Are there alternatives to these uses of the SSN?**

In some cases there are alternatives and we have stopped using SSNs in some documents. For example, we exclude SSNs from mortgage documents filed with the

County Recorder's office (as required by state law). In all other cases, our use of SSNs is a result of a requirement to do so by credit bureaus and the IRS and no substitute is available. A driver's license number or another form of government issued ID may serve as potential alternatives.

**What has been the impact of state laws restricting the use of the SSN on the private sector's use of the SSN?**

Multiple state laws with different rules hinder our compliance with such laws. One federal law that applies to and supersedes all state laws on the topic would be desirable.

**The Role of the SSN as an Authenticator**

**The use of the SSN as an authenticator – as proof that consumers are who they say they are – is widely viewed as exacerbating the risk of identity theft. What are the circumstances in which the SSN is used as an authenticator?**

We use SSNs to identify an individual when we open new accounts and when we solicit information from the credit bureaus. This includes authentication of credit history and income documentation. We sometimes ask for the last four digits to verify callers.

**Are SSNs so widely available that they should never be used as an authenticator?**

NO. However, we agree that it is prudent to use partial SSNs whenever possible.

**What are the costs or other challenges associated with eliminating the use of the SSN as an authenticator?**

Our data management systems would need to be programmed to use another authenticator. There would be a cost to this system change. If the IRS and credit bureaus were to use different authenticators then we would not have the ability to cross check documentation to ensure the file included information from only one individual.

**The SSN as an Internal Identifier**

**Some members of the private sector use the SSN as an internal identifier (e.g. employee or customer number), but others no longer use the SSN for that purpose. What have been the costs for private sector entities that have moved away from using the SSN as an internal identifier? What challenges have these entities faced in substituting another identifier for the SSN? How long have such transitions taken? Do those entities still use the SSN to communicate with other private sector entities and government about their customers or members?**

We are using client/loan numbers to internally identify our customers rather than their SSN. We no longer request SSN on employment applications or on employee healthcare enrollment forms. Our legal departments do not use SSNs as a practice but there may be times when the SSN is required for litigation matters. Our information security program has screening software on outgoing and incoming email so that SSN configurations are blocked.

**For entities that have not moved away from using the SSN as an internal identifier, what are the barriers to doing so?**

Although we predominantly use the loan number as the internal identifier, the SSN is still essential for fraud detection and validation.

Thank you for the opportunity to comment on our company's use of SSNs. Please contact us if we can be of further service.

Sincerely yours,

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