



House of Representatives

File No. 791

General Assembly

January Session, 2015

(Reprint of File No. 113)

House Bill No. 6403
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 8, 2015

**AN ACT CONCERNING SECURITY FREEZES ON CHILDREN'S
CREDIT REPORTS.**

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Section 36a-701 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2015*):

3 As used in this section and section 36a-701a, as amended by this act:

4 (1) "Consumer" means any person who is utilizing or seeking credit
5 for personal, family or household purposes;

6 (2) "Credit rating agency" means credit rating agency, as defined in
7 section 36a-695;

8 (3) "Credit report" means credit report, as defined in section 36a-695;

9 (4) "Creditor" means creditor, as defined in section 36a-695; [and]

10 (5) "Minor child" means an individual under eighteen years of age at
11 the time a request for placement of a security freeze is submitted;

12 ~~[(5)]~~ (6) "Security freeze" means a notice placed in a consumer's
13 credit report, at the request of the consumer, that prohibits the credit
14 rating agency from releasing the consumer's credit report or any
15 information from it without the express authorization of the consumer.
16 In the case of a minor child under subsections (j) and (k) of section 36a-
17 701a, as amended by this act, "security freeze" means (A) a restriction
18 that is placed on the minor child's credit report prohibiting the credit
19 rating agency from releasing the minor child's credit report or any
20 information derived from the minor child's credit report, provided a
21 credit rating agency has information in its files pertaining to such
22 minor child; or (B) a restriction that is placed on the minor child's
23 record prohibiting the credit rating agency from releasing the minor
24 child's record, provided a credit rating agency does not have any
25 information in its files pertaining to such minor child; and

26 (7) "Sufficient proof of authority" means documentation showing
27 that a parent or legal guardian has authority to act on behalf of a minor
28 child, including, but not limited to, a court order, an original copy of
29 the minor child's birth certificate or a written notarized statement
30 expressly describing the authority of the parent or legal guardian to act
31 on behalf of the minor child that is signed by the parent or legal
32 guardian and acknowledged, in accordance with the provisions of
33 chapter 6, by (A) a judge of a court of record or a family support
34 magistrate, (B) a clerk or deputy clerk of a court having a seal, (C) a
35 town clerk, (D) a notary public, (E) a justice of the peace, or (F) an
36 attorney admitted to the bar of this state.

37 Sec. 2. Section 36a-701a of the general statutes is repealed and the
38 following is substituted in lieu thereof (*Effective October 1, 2015*):

39 (a) Any consumer may submit a written request, by certified mail or
40 such other secure method as authorized by a credit rating agency, to a
41 credit rating agency to place a security freeze on such consumer's
42 credit report. Such credit rating agency shall place a security freeze on
43 a consumer's credit report not later than five business days after
44 receipt of such request. Not later than ten business days after placing a

45 security freeze on a consumer's credit report, such credit rating agency
46 shall send a written confirmation of such security freeze to such
47 consumer that provides the consumer with a unique personal
48 identification number or password to be used by the consumer when
49 providing authorization for the release of such consumer's report to a
50 third party or for a period of time.

51 (b) In the event such consumer wishes to authorize the disclosure of
52 such consumer's credit report to a third party, or for a period of time,
53 while such security freeze is in effect, such consumer shall contact such
54 credit rating agency and provide: (1) Proper identification, (2) the
55 unique personal identification number or password described in
56 subsection (a) of this section, and (3) proper information regarding the
57 third party who is to receive the credit report or the time period for
58 which the credit report shall be available. Any credit rating agency that
59 receives a request from a consumer pursuant to this section shall lift
60 such security freeze not later than three business days after receipt of
61 such request.

62 (c) Except for the temporary lifting of a security freeze as provided
63 in subsection (b) of this section, any security freeze authorized
64 pursuant to the provisions of this section shall remain in effect until
65 such time as such consumer requests such security freeze to be
66 removed. A credit rating agency shall remove such security freeze not
67 later than three business days after receipt of such request provided
68 such consumer provides proper identification to such credit rating
69 agency and the unique personal identification number or password
70 described in subsection (a) of this section at the time of such request
71 for removal of the security freeze.

72 (d) Any credit rating agency may develop procedures to receive and
73 process such request from a consumer to temporarily lift or remove a
74 security freeze on a credit report pursuant to subsection (b) of this
75 section. Such procedures, at a minimum, shall include, but not be
76 limited to, the ability of a consumer to send such temporary lift or
77 removal request by electronic mail, letter or facsimile.

78 (e) In the event that a third party requests access to a consumer's
79 credit report that has such a security freeze in place and such third
80 party request is made in connection with an application for credit or
81 any other use and such consumer has not authorized the disclosure of
82 such consumer's credit report to such third party, such third party may
83 deem such credit application as incomplete.

84 (f) Any credit rating agency may refuse to implement or may
85 remove such security freeze if such agency believes, in good faith, that:
86 (1) The request for a security freeze was made as part of a fraud that
87 the consumer participated in, had knowledge of, or that can be
88 demonstrated by circumstantial evidence, or (2) the consumer credit
89 report was frozen due to a material misrepresentation of fact by the
90 consumer. In the event any such credit rating agency refuses to
91 implement or removes a security freeze pursuant to this subsection,
92 such credit rating agency shall promptly notify such consumer in
93 writing of such refusal not later than five business days after such
94 refusal or, in the case of a removal of a security freeze, prior to
95 removing the freeze on the consumer's credit report.

96 (g) Nothing in this section shall be construed to prohibit disclosure
97 of a consumer's credit report to: (1) A person, or the person's
98 subsidiary, affiliate, agent or assignee with which the consumer has or,
99 prior to assignment, had an account, contract or debtor-creditor
100 relationship for the purpose of reviewing the account or collecting the
101 financial obligation owing for the account, contract or debt; (2) a
102 subsidiary, affiliate, agent, assignee or prospective assignee of a person
103 to whom access has been granted under subsection (b) of this section
104 for the purpose of facilitating the extension of credit or other
105 permissible use; (3) any person acting pursuant to a court order,
106 warrant or subpoena; (4) any person for the purpose of using such
107 credit information to prescreen as provided by the federal Fair Credit
108 Reporting Act; (5) any person for the sole purpose of providing a credit
109 file monitoring subscription service to which the consumer has
110 subscribed; (6) a credit rating agency for the sole purpose of providing
111 a consumer with a copy of his or her credit report upon the consumer's

112 request; or (7) a federal, state or local governmental entity, including a
113 law enforcement agency, or court, or their agents or assignees
114 pursuant to their statutory or regulatory duties. For purposes of this
115 subsection, "reviewing the account" includes activities related to
116 account maintenance, monitoring, credit line increases and account
117 upgrades and enhancements.

118 (h) The following persons shall not be required to place a security
119 freeze on a consumer's credit report, provided such persons shall be
120 subject to any security freeze placed on a credit report by another
121 credit rating agency: (1) A check services or fraud prevention services
122 company that reports on incidents of fraud or issues authorizations for
123 the purpose of approving or processing negotiable instruments,
124 electronic fund transfers or similar methods of payment; (2) a deposit
125 account information service company that issues reports regarding
126 account closures due to fraud, substantial overdrafts, automated teller
127 machine abuse, or similar information regarding a consumer to
128 inquiring banks or other financial institutions for use only in reviewing
129 a consumer request for a deposit account at the inquiring bank or
130 financial institution; or (3) a credit rating agency that: (A) Acts only to
131 resell credit information by assembling and merging information
132 contained in a database of one or more credit reporting agencies; and
133 (B) does not maintain a permanent database of credit information from
134 which new credit reports are produced.

135 (i) A credit rating agency may charge a fee of not more than ten
136 dollars to a consumer for each security freeze, removal of such freeze
137 or temporary lift of such freeze for a period of time, and a fee of not
138 more than twelve dollars for a temporary lift of such freeze for a
139 specific party.

140 (j) The parent or legal guardian of a minor child may place a
141 security freeze on the credit report of a minor child by submitting a
142 written request to the credit rating agency in the manner described in
143 this section and subject to the same conditions and by providing the
144 credit rating agency with proper identification and sufficient proof of

145 authority to act on behalf of the minor child. The credit rating agency
 146 shall place the security freeze on the credit report of a minor child not
 147 later than five business days after receipt of such request. If the credit
 148 rating agency does not have any information in its files pertaining to
 149 the minor child at the time the credit rating agency receives a request
 150 pursuant to this subsection, the credit rating agency shall create a
 151 record for the minor child and place a security freeze on such record.
 152 Such record shall consist of a compilation of information created by a
 153 credit rating agency that identifies a minor child. A credit rating
 154 agency shall not create or use such record to consider the minor child's
 155 credit worthiness, credit standing, credit capacity, character, general
 156 reputation, personal characteristics or mode of living. A credit rating
 157 agency shall not release a minor child's credit report, any information
 158 derived from a minor child's credit report or any record created for a
 159 minor child.

160 (k) The parent or legal guardian of a minor child may request the
 161 removal of a security freeze placed on the credit report or record of a
 162 minor child by submitting a written request to the credit rating agency
 163 in the manner described in this section and subject to the same
 164 conditions and by providing the credit rating agency with proper
 165 identification and sufficient proof of authority to act on behalf of the
 166 minor child. The credit rating agency shall remove the security freeze
 167 on the credit report or record of a minor child not later than fifteen
 168 business days after receipt of such request.

169 [(j)] (l) An insurer, as defined in section 38a-1, may deny an
 170 application for insurance if an applicant has placed a security freeze on
 171 such applicant's credit report and fails to authorize the disclosure of
 172 such applicant's credit report to such insurer pursuant to the
 173 provisions of subsection (b) of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2015	36a-701

Sec. 2	<i>October 1, 2015</i>	36a-701a
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The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill concerns transactions between private entities and individuals and results in no fiscal impact to the state or municipalities.

House "A" strikes the underlying bill and replaces it with provisions that result in the fiscal impact described above.

The Out Years***State Impact:*** None***Municipal Impact:*** None

OLR Bill Analysis**HB 6403 (as amended by House "A")******AN ACT CONCERNING SECURITY FREEZES ON CHILDREN'S CREDIT REPORTS.*****SUMMARY:**

This bill allows a minor's parent or legal guardian to place a security freeze on the minor's credit report. Under the bill, a "minor" is someone under age 18 when a security freeze request is submitted.

Under the bill, the freeze prohibits a credit rating agency from releasing the minor's credit report and information derived from it, if the agency has information about the child. If the agency does not have any information about the child, it must create, but not release, a record that compiles the information the agency created that identifies the child. The agency cannot use the record to consider the child's credit worthiness, standing, or capacity; character; reputation; personal characteristics; or mode of living. The bill prohibits the agency from releasing the child's credit report, information derived from it, or records created for the child.

To initiate a security freeze, the bill requires the parent or guardian to provide the credit rating agency with:

1. a written request by certified mail or other secure method authorized by the rating agency and
2. proper identification and sufficient proof of authority to act for the minor, such as a court order, an original copy of the minor's birth certificate, or a written notarized statement signed by the parent or guardian that expressly describes his or her authority to act and is acknowledged according to law by a judge, family

support magistrate, court clerk or deputy clerk with a seal, town clerk, notary public, justice of the peace, or Connecticut-licensed attorney.

The bill requires the agency to freeze the minor's credit report within five business days of receiving a request. The parent or legal guardian can request the freeze's removal by submitting (1) a written request to the agency in the same way as current law allows for freezes of an adult's credit report and (2) proper identification and sufficient proof of authority to act for the child. The agency must remove a freeze within 15 business days of a request.

*House Amendment "A" (1) defines a minor for purposes of the bill; (2) requires that a statement showing proof of authority to act for a minor be acknowledged; (3) only allows an original copy, and not a certified copy, of a birth certificate to serve as proof of authority to act for a minor; and (4) adds provisions on the effects of a freeze, the record an agency must create, what an agency cannot do with information about a child, removing a freeze, and the timeline for agencies to respond to requests.

EFFECTIVE DATE: October 1, 2015

BACKGROUND

Security Freezes

The law allows a consumer to request that a credit rating agency place a security freeze on his or her credit report. A freeze prohibits the agency from releasing information in the credit report without the consumer's express authorization. The agency provides the consumer with a personal identification number that the consumer can use to authorize (1) release of his or her report for a period of time or a specific purpose or (2) termination of the freeze.

Credit rating agencies may charge up to \$10 for a freeze, removal of one, or temporarily lifting one. They may charge up to \$12 to temporarily lift a freeze for a specific party.

Related Bill

sHB 6800, as amended by House Amendment "A," among other things, prohibits credit rating agencies from charging security freeze fees to certain people such as identity theft victims and people under age 18.

COMMITTEE ACTION

Banking Committee

Joint Favorable

Yea 17 Nay 0 (03/05/2015)