



General Assembly

January Session, 2015

Raised Bill No. 6800

LCO No. 3389



Referred to Committee on BANKING

Introduced by:
(BA)

AN ACT CONCERNING SECURITY FREEZES ON CONSUMER CREDIT REPORTS.

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

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 Section 36a-701a of the general statutes is repealed and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

3 (a) Any consumer may submit a written request, by certified mail or
4 such other secure method as authorized by a credit rating agency, to a
5 credit rating agency to place a security freeze on such consumer's
6 credit report. Such credit rating agency shall place a security freeze on
7 a consumer's credit report not later than five business days after
8 receipt of such request. Not later than ten business days after placing a
9 security freeze on a consumer's credit report, such credit rating agency
10 shall send a written confirmation of such security freeze to such
11 consumer that provides the consumer with a unique personal
12 identification number or password to be used by the consumer when
13 providing authorization for the release of such consumer's report to a
14 third party or for a period of time.

15 (b) In the event such consumer wishes to authorize the disclosure of
16 such consumer's credit report to a third party, or for a period of time,
17 while such security freeze is in effect, such consumer shall contact such
18 credit rating agency and provide: (1) Proper identification, (2) the
19 unique personal identification number or password described in
20 subsection (a) of this section, and (3) proper information regarding the
21 third party who is to receive the credit report or the time period for
22 which the credit report shall be available. Any credit rating agency that
23 receives a request from a consumer pursuant to this section shall lift
24 such security freeze not later than three business days after receipt of
25 such request.

26 (c) Except for the temporary lifting of a security freeze as provided
27 in subsection (b) of this section, any security freeze authorized
28 pursuant to the provisions of this section shall remain in effect until
29 such time as such consumer requests such security freeze to be
30 removed. A credit rating agency shall remove such security freeze not
31 later than three business days after receipt of such request provided
32 such consumer provides proper identification to such credit rating
33 agency and the unique personal identification number or password
34 described in subsection (a) of this section at the time of such request
35 for removal of the security freeze.

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

42 (e) In the event that a third party requests access to a consumer's
43 credit report that has such a security freeze in place and such third
44 party request is made in connection with an application for credit or
45 any other use and such consumer has not authorized the disclosure of
46 such consumer's credit report to such third party, such third party may

47 deem such credit application as incomplete.

48 (f) Any credit rating agency may refuse to implement or may
49 remove such security freeze if such agency believes, in good faith, that:
50 (1) The request for a security freeze was made as part of a fraud that
51 the consumer participated in, had knowledge of, or that can be
52 demonstrated by circumstantial evidence, or (2) the consumer credit
53 report was frozen due to a material misrepresentation of fact by the
54 consumer. In the event any such credit rating agency refuses to
55 implement or removes a security freeze pursuant to this subsection,
56 such credit rating agency shall promptly notify such consumer in
57 writing of such refusal not later than five business days after such
58 refusal or, in the case of a removal of a security freeze, prior to
59 removing the freeze on the consumer's credit report.

60 (g) Nothing in this section shall be construed to prohibit disclosure
61 of a consumer's credit report to: (1) A person, or the person's
62 subsidiary, affiliate, agent or assignee with which the consumer has or,
63 prior to assignment, had an account, contract or debtor-creditor
64 relationship for the purpose of reviewing the account or collecting the
65 financial obligation owing for the account, contract or debt; (2) a
66 subsidiary, affiliate, agent, assignee or prospective assignee of a person
67 to whom access has been granted under subsection (b) of this section
68 for the purpose of facilitating the extension of credit or other
69 permissible use; (3) any person acting pursuant to a court order,
70 warrant or subpoena; (4) any person for the purpose of using such
71 credit information to prescreen as provided by the federal Fair Credit
72 Reporting Act; (5) any person for the sole purpose of providing a credit
73 file monitoring subscription service to which the consumer has
74 subscribed; (6) a credit rating agency for the sole purpose of providing
75 a consumer with a copy of his or her credit report upon the consumer's
76 request; or (7) a federal, state or local governmental entity, including a
77 law enforcement agency, or court, or their agents or assignees
78 pursuant to their statutory or regulatory duties. For purposes of this
79 subsection, "reviewing the account" includes activities related to

80 account maintenance, monitoring, credit line increases and account
81 upgrades and enhancements.

82 (h) The following persons shall not be required to place a security
83 freeze on a consumer's credit report, provided such persons shall be
84 subject to any security freeze placed on a credit report by another
85 credit rating agency: (1) A check services or fraud prevention services
86 company that reports on incidents of fraud or issues authorizations for
87 the purpose of approving or processing negotiable instruments,
88 electronic fund transfers or similar methods of payment; (2) a deposit
89 account information service company that issues reports regarding
90 account closures due to fraud, substantial overdrafts, automated teller
91 machine abuse, or similar information regarding a consumer to
92 inquiring banks or other financial institutions for use only in reviewing
93 a consumer request for a deposit account at the inquiring bank or
94 financial institution; or (3) a credit rating agency that: (A) Acts only to
95 resell credit information by assembling and merging information
96 contained in a database of one or more credit reporting agencies; and
97 (B) does not maintain a permanent database of credit information from
98 which new credit reports are produced.

99 (i) [A] (1) Except as provided in subdivision (2) of this subsection, a
100 credit rating agency may charge a fee of not more than ten dollars to a
101 consumer for each security freeze, removal of such freeze or temporary
102 lift of such freeze for a period of time, and a fee of not more than
103 twelve dollars for a temporary lift of such freeze for a specific party.

104 (2) A credit rating agency shall not charge the fees authorized by
105 subdivision (1) of this subsection to: (A) A victim of identity theft who
106 has submitted a copy of a police report prepared pursuant to section
107 54-1n; (B) the spouse of any victim of identity theft; (C) a person sixty-
108 two years of age or older; (D) a person under eighteen years of age; (E)
109 a person for whom a guardian or conservator has been appointed by a
110 court; and (F) a victim of domestic violence, as defined in subdivision
111 (1) of subsection (a) of section 17b-112a, who has provided evidence of

112 such domestic violence as specified in subsection (b) of section 17b-
113 112a. No credit rating agency shall charge a fee to a consumer for a
114 replacement personal identification number when such replacement is
115 the first one requested by the consumer.

116 (j) An insurer, as defined in section 38a-1, may deny an application
117 for insurance if an applicant has placed a security freeze on such
118 applicant's credit report and fails to authorize the disclosure of such
119 applicant's credit report to such insurer pursuant to the provisions of
120 subsection (b) of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	36a-701a

Statement of Purpose:

To prohibit consumer credit reporting agencies from charging certain protected persons fees related to security freezes.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]