



# House of Representatives

General Assembly

**File No. 413**

February Session, 2016

Substitute House Bill No. 5560

*House of Representatives, April 4, 2016*

The Committee on Banking reported through REP. LESSER of the 100th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING PERSONAL INFORMATION, SECURITY FREEZES ON CHILDREN'S CREDIT REPORTS, REPORTING OF UNAUTHORIZED SIGNATURES OR ALTERATIONS BY BANKS, MONTHLY DEBIT CARD CHARGES AND POSSESSIONS IN REPOSSESSED VEHICLES.***

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

1 Section 1. (NEW) (*Effective October 1, 2016*) Any person who  
2 conducts business in this state and who, in the ordinary course of such  
3 person's business, owns, licenses or maintains computerized data that  
4 includes credit and debit card information shall remove such credit  
5 and debit card information upon the request of a customer who no  
6 longer wishes to engage in business with such person.

7 Sec. 2. Section 36a-701 of the 2016 supplement to the general statutes  
8 is repealed and the following is substituted in lieu thereof (*Effective*  
9 *October 1, 2016*):

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

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

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

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

16 (4) "Creditor" means creditor, as defined in section 36a-695;

17 (5) "Minor child" means an individual under [~~eighteen~~] sixteen years  
18 of age at the time a request for placement of a security freeze is  
19 submitted;

20 (6) "Security freeze" means a notice placed in a consumer's credit  
21 report, at the request of the consumer, that prohibits the credit rating  
22 agency from releasing the consumer's credit report or any information  
23 from it without the express authorization of the consumer. In the case  
24 of a minor child under subsections (j) and (k) of section 36a-701a, as  
25 amended by this act, "security freeze" means (A) a restriction that is  
26 placed on the minor child's credit report prohibiting the credit rating  
27 agency from releasing the minor child's credit report or any  
28 information derived from the minor child's credit report, provided a  
29 credit rating agency has information in its files pertaining to such  
30 minor child; or (B) a restriction that is placed on the minor child's  
31 record prohibiting the credit rating agency from releasing the minor  
32 child's record, provided a credit rating agency does not have any  
33 information in its files pertaining to such minor child; and

34 (7) "Sufficient proof of authority" means documentation showing  
35 that a parent or legal guardian has authority to act on behalf of a minor  
36 child, including, but not limited to, a court order, an original copy of  
37 the minor child's birth certificate or a written notarized statement  
38 expressly describing the authority of the parent or legal guardian to act  
39 on behalf of the minor child that is signed by the parent or legal  
40 guardian and acknowledged, in accordance with the provisions of  
41 chapter 6, by (A) a judge of a court of record or a family support

42 magistrate, (B) a clerk or deputy clerk of a court having a seal, (C) a  
43 town clerk, (D) a notary public, (E) a justice of the peace, or (F) an  
44 attorney admitted to the bar of this state.

45 Sec. 3. Section 36a-701a of the 2016 supplement to the general  
46 statutes is repealed and the following is substituted in lieu thereof  
47 (*Effective October 1, 2016*):

48 (a) Any consumer may submit a written request, by certified mail or  
49 such other secure method as authorized by a credit rating agency, to a  
50 credit rating agency to place a security freeze on such consumer's  
51 credit report. Such credit rating agency shall place a security freeze on  
52 a consumer's credit report not later than five business days after  
53 receipt of such request. Not later than ten business days after placing a  
54 security freeze on a consumer's credit report, such credit rating agency  
55 shall send a written confirmation of such security freeze to such  
56 consumer that provides the consumer with a unique personal  
57 identification number or password to be used by the consumer when  
58 providing authorization for the release of such consumer's report to a  
59 third party or for a period of time. In the case of a minor child, a credit  
60 rating agency shall not provide a unique personal identification  
61 number or password when placing a security freeze on such minor  
62 child's credit report.

63 (b) In the event such consumer wishes to authorize the disclosure of  
64 such consumer's credit report to a third party, or for a period of time,  
65 while such security freeze is in effect, such consumer shall contact such  
66 credit rating agency and provide: (1) Proper identification, (2) the  
67 unique personal identification number or password described in  
68 subsection (a) of this section, and (3) proper information regarding the  
69 third party who is to receive the credit report or the time period for  
70 which the credit report shall be available. Any credit rating agency that  
71 receives a request from a consumer pursuant to this section shall lift  
72 such security freeze not later than three business days after receipt of  
73 such request. This subsection shall not apply to a security freeze  
74 applied on behalf of a minor child.

75 (c) Except for the temporary lifting of a security freeze as provided  
76 in subsection (b) of this section, any security freeze authorized  
77 pursuant to the provisions of this section shall remain in effect until  
78 such time as such consumer requests such security freeze to be  
79 removed. A credit rating agency shall remove such security freeze not  
80 later than three business days after receipt of such request provided  
81 such consumer provides proper identification to such credit rating  
82 agency and the unique personal identification number or password  
83 described in subsection (a) of this section at the time of such request  
84 for removal of the security freeze. In the case of a minor child, the  
85 credit rating agency shall remove such security freeze not later than  
86 fifteen business days after receipt of such request.

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

93 (e) In the event that a third party requests access to a consumer's  
94 credit report that has such a security freeze in place and such third  
95 party request is made in connection with an application for credit or  
96 any other use and such consumer has not authorized the disclosure of  
97 such consumer's credit report to such third party, such third party may  
98 deem such credit application as incomplete.

99 (f) Any credit rating agency may refuse to implement or may  
100 remove such security freeze if such agency believes, in good faith, that:  
101 (1) The request for a security freeze was made as part of a fraud that  
102 the consumer participated in, had knowledge of, or that can be  
103 demonstrated by circumstantial evidence, or (2) the consumer credit  
104 report was frozen due to a material misrepresentation of fact by the  
105 consumer. In the event any such credit rating agency refuses to  
106 implement or removes a security freeze pursuant to this subsection,  
107 such credit rating agency shall promptly notify such consumer in

108 writing of such refusal not later than five business days after such  
109 refusal or, in the case of a removal of a security freeze, prior to  
110 removing the freeze on the consumer's credit report.

111 (g) Nothing in this section shall be construed to prohibit disclosure  
112 of a consumer's credit report to: (1) A person, or the person's  
113 subsidiary, affiliate, agent or assignee with which the consumer has or,  
114 prior to assignment, had an account, contract or debtor-creditor  
115 relationship for the purpose of reviewing the account or collecting the  
116 financial obligation owing for the account, contract or debt; (2) a  
117 subsidiary, affiliate, agent, assignee or prospective assignee of a person  
118 to whom access has been granted under subsection (b) of this section  
119 for the purpose of facilitating the extension of credit or other  
120 permissible use; (3) any person acting pursuant to a court order,  
121 warrant or subpoena; (4) any person for the purpose of using such  
122 credit information to prescreen as provided by the federal Fair Credit  
123 Reporting Act; (5) any person for the sole purpose of providing a credit  
124 file monitoring subscription service to which the consumer has  
125 subscribed; (6) a credit rating agency for the sole purpose of providing  
126 a consumer with a copy of his or her credit report upon the consumer's  
127 request; or (7) a federal, state or local governmental entity, including a  
128 law enforcement agency, or court, or their agents or assignees  
129 pursuant to their statutory or regulatory duties. For purposes of this  
130 subsection, "reviewing the account" includes activities related to  
131 account maintenance, monitoring, credit line increases and account  
132 upgrades and enhancements.

133 (h) The following persons shall not be required to place a security  
134 freeze on a consumer's credit report, provided such persons shall be  
135 subject to any security freeze placed on a credit report by another  
136 credit rating agency: (1) A check services or fraud prevention services  
137 company that reports on incidents of fraud or issues authorizations for  
138 the purpose of approving or processing negotiable instruments,  
139 electronic fund transfers or similar methods of payment; (2) a deposit  
140 account information service company that issues reports regarding  
141 account closures due to fraud, substantial overdrafts, automated teller

142 machine abuse, or similar information regarding a consumer to  
143 inquiring banks or other financial institutions for use only in reviewing  
144 a consumer request for a deposit account at the inquiring bank or  
145 financial institution; or (3) a credit rating agency that: (A) Acts only to  
146 resell credit information by assembling and merging information  
147 contained in a database of one or more credit reporting agencies; and  
148 (B) does not maintain a permanent database of credit information from  
149 which new credit reports are produced.

150 (i) (1) Except as provided in subdivision (2) of this subsection, a  
151 credit rating agency may charge a fee of not more than ten dollars to a  
152 consumer for each security freeze, removal of such freeze or temporary  
153 lift of such freeze for a period of time, and a fee of not more than  
154 twelve dollars for a temporary lift of such freeze for a specific party.

155 (2) A credit rating agency shall not charge the fees authorized by  
156 subdivision (1) of this subsection to: (A) A victim of identity theft or  
157 the spouse of any victim of identity theft, who has submitted a copy of  
158 a police report prepared pursuant to section 54-1n to the credit rating  
159 agency; (B) any person who is covered under the victim of identity  
160 theft's individual or group health insurance policy providing coverage  
161 of the type specified in subdivisions (1), (2), (4), (11) and (12) of section  
162 38a-469, who has submitted a copy of a police report prepared  
163 pursuant to section 54-1n to the credit rating agency; (C) a person  
164 sixty-two years of age or older; (D) a person under eighteen years of  
165 age; (E) a person for whom a guardian or conservator has been  
166 appointed by a court; and (F) a victim of domestic violence, as defined  
167 in subdivision (1) of subsection (a) of section 17b-112a, who has  
168 provided evidence of such domestic violence as specified in subsection  
169 (b) of section 17b-112a to the credit rating agency. No credit rating  
170 agency shall charge a fee to a consumer for a replacement personal  
171 identification number when such replacement is the first one requested  
172 by the consumer.

173 (j) The parent or legal guardian of a minor child may place a  
174 security freeze on the credit report of a minor child by submitting a

175 written request to the credit rating agency in the manner described in  
176 this section and subject to the same conditions and by providing the  
177 credit rating agency with proper identification and sufficient proof of  
178 authority to act on behalf of the minor child. The credit rating agency  
179 shall place the security freeze on the credit report of a minor child not  
180 later than five business days after receipt of such request. If the credit  
181 rating agency does not have any information in its files pertaining to  
182 the minor child at the time the credit rating agency receives a request  
183 pursuant to this subsection, the credit rating agency shall create a  
184 record for the minor child and place a security freeze on such record.  
185 Such record shall consist of a compilation of information created by a  
186 credit rating agency that identifies a minor child. A credit rating  
187 agency shall not create or use such record to consider the minor child's  
188 credit worthiness, credit standing, credit capacity, character, general  
189 reputation, personal characteristics or mode of living. A credit rating  
190 agency shall not release a minor child's credit report, any information  
191 derived from a minor child's credit report or any record created for a  
192 minor child.

193 (k) The parent or legal guardian of a minor child may request the  
194 removal of a security freeze placed on the credit report or record of a  
195 minor child by submitting a written request to the credit rating agency  
196 in the manner described in this section and subject to the same  
197 conditions and by providing the credit rating agency with proper  
198 identification and sufficient proof of authority to act on behalf of the  
199 minor child. The credit rating agency shall remove the security freeze  
200 on the credit report or record of a minor child not later than fifteen  
201 business days after receipt of such request.

202 (l) An insurer, as defined in section 38a-1, may deny an application  
203 for insurance if an applicant has placed a security freeze on such  
204 applicant's credit report and fails to authorize the disclosure of such  
205 applicant's credit report to such insurer pursuant to the provisions of  
206 subsection (b) of this section.

207 Sec. 4. Subsection (f) of section 42a-4-406 of the general statutes is

208 repealed and the following is substituted in lieu thereof (*Effective*  
209 *October 1, 2016*):

210 (f) Without regard to care or lack of care of either the customer or  
211 the bank, a customer who does not [within] on or before one year after  
212 the statement or items are made available to the customer pursuant to  
213 subsection (a) of this section discover and report the customer's  
214 unauthorized signature on or any alteration on the item is precluded  
215 from asserting against the bank the unauthorized signature or  
216 alteration. If there is a preclusion under this subsection, the payor bank  
217 may not recover for breach of warranty under section 42a-4-208 with  
218 respect to the unauthorized signature or alteration to which the  
219 preclusion applies. A bank and a customer may agree to reduce the  
220 one-year time frame for discovering and reporting an unauthorized  
221 signature or alteration, provided such an agreement would not (1)  
222 constitute a disclaimer of the bank's responsibility to act in good faith  
223 and to exercise ordinary care under subsection (a) of section 42a-4-103,  
224 or (2) otherwise limit the measure of damages for lack of good faith or  
225 failure to exercise ordinary care on the part of the bank.

226 Sec. 5. Section 42-460a of the general statutes is repealed and the  
227 following is substituted in lieu thereof (*Effective October 1, 2016*):

228 (a) As used in this section:

229 (1) "General-use prepaid card" has the same meaning given to that  
230 term in 12 CFR 1005.20(a)(3), as from time to time amended, but shall  
231 not include a linked prepaid card or any card, code or other device  
232 identified in 12 CFR 1005.20(b); and

233 (2) "Linked prepaid card" means a general-use prepaid card that  
234 enables the purchaser of or individual who increases or reloads funds  
235 onto the card, code or device (A) to receive back the remaining  
236 unexpended balance and the accrued interest earned on the  
237 unexpended balance on such card, code or device as of the date of  
238 expiration of such card, code or device by way of a financial account  
239 that is linked to the card, code or device; (B) to set the expiration date

240 on such card, code or device at not less than ninety days from the date  
241 of purchase of or increasing or reloading of funds onto such card, code  
242 or device, for the purpose of receiving back the unexpended balance  
243 and accrued interest earned on the unexpended balance on such card,  
244 code or device in an expedited manner; and (C) to transfer the  
245 unexpended balance on such card, code or device to a bank offering a  
246 higher yield on and full insurance from the Federal Deposit Insurance  
247 Corporation for the transferred balance until the consumer or recipient  
248 of such card, code or device utilizes the unexpended balance or until  
249 the date of expiration on such card, code or device has passed,  
250 provided such purchaser or individual has a financial account that is  
251 linked to such card, code or device.

252 (b) A general-use prepaid card shall not include an expiration date  
253 relative to the underlying funds that are redeemable through the use of  
254 the applicable card, code or device. Notwithstanding the provisions of  
255 this subsection, a general-use prepaid card may include an expiration  
256 date with regard to such card, code or device, provided: (1) The  
257 following disclosures are made, in writing, on such card, code or  
258 device [~~:(A) That~~] and any packaging material related to such card,  
259 code or device: (A) A statement, displayed with equal prominence and  
260 in close proximity to the expiration date, that such card, code or device  
261 expires, but that the underlying funds do not expire and that the  
262 consumer may contact the issuer for a replacement card, code or  
263 device; (B) a toll-free telephone number and an Internet web site  
264 address, if one is maintained, that a holder of a general-use prepaid  
265 card may use to obtain a comprehensive list of all charges, fees and  
266 expenses to be borne by the holder of such card; and [(B)] (C) a toll-free  
267 telephone number and an Internet web site address, if one is  
268 maintained, that a holder of a general-use prepaid card may use to  
269 obtain a replacement card, code or device after such card, code or  
270 device expires, provided the remaining balance is not otherwise  
271 returned to the holder; (2) no fee or charge is imposed on such holder  
272 for replacing the card, code or device or for providing such holder  
273 with the remaining balance in some other manner, provided the card,  
274 code or device has not been lost or stolen; and (3) the seller of the card,

275 code or device has established policies and procedures to provide  
276 consumers a reasonable opportunity to purchase a card, code or device  
277 that has not less than five years remaining until the card, code or  
278 device expires.

279 (c) A linked prepaid card shall not include an expiration date  
280 relative to the underlying funds that are redeemable through the use of  
281 the applicable card, code or device. Notwithstanding the provisions of  
282 this subsection, a linked prepaid card may include an expiration date  
283 with regard to such card, code or device, including an expiration date  
284 contemplated by subparagraph (B) of subdivision (2) of subsection (a)  
285 of this section, provided: (1) The following disclosures are made, in  
286 writing, on such card, code or device [~~(A) That~~] and any packaging  
287 material related to such card, code or device: (A) A statement,  
288 disclosed with equal prominence and in close proximity to the  
289 expiration date, that such card, code or device expires, but that the  
290 underlying funds do not expire, provided the purchaser of or  
291 individual who increases or reloads funds onto such card, code or  
292 device has not set an expiration date in accordance with said  
293 subparagraph (B), and that the consumer may contact the issuer for a  
294 replacement card, code or device; (B) a toll-free telephone number and  
295 an Internet web site address, if one is maintained, that a holder of a  
296 linked prepaid card may use to obtain a comprehensive list of all  
297 charges, fees and expenses to be borne by the holder of such card; and  
298 ~~[(B)] (C) a toll-free telephone number and an Internet web site address,~~  
299 if one is maintained, that a holder of a general-use prepaid card may  
300 use to obtain a replacement card, code or device after such card, code  
301 or device expires, provided the purchaser of or individual who  
302 increases or reloads funds onto such card, code or device has not set an  
303 expiration date in accordance with said subparagraph (B); (2) no fee or  
304 charge is imposed on such holder for replacing the card, code or device  
305 or providing such holder with the remaining balance in some other  
306 manner, provided the card, code or device has not been lost or stolen  
307 or, if an expiration date has been set in accordance with said  
308 subparagraph (B), expired; (3) no fee or charge is imposed on the  
309 purchaser of or individual who increases or reloads funds onto the

310 card, code or device for replacing the card, code or device or providing  
311 such purchaser or individual with the unexpended balance in some  
312 other manner, provided the card, code or device has not been lost or  
313 stolen; and (4) the seller of the card, code or device has established  
314 policies and procedures to provide consumers a reasonable  
315 opportunity to purchase a card, code or device that has not less than  
316 five years remaining until the card, code or device expires, unless the  
317 purchaser of or individual who increases or reloads funds onto such  
318 card, code or device has a financial account that is linked to such card,  
319 code or device and sets an expiration date on such card, code or device  
320 at not less than ninety days from the date of purchase or increasing or  
321 reloading at which time the unexpended balance and any accrued  
322 interest on the unexpended balance on such card, code or device shall  
323 be transferred to such financial account.

324 (d) For purposes of complying with the disclosure requirements of  
325 subdivision (1) of subsections (b) and (c) of this section, [(1)] the issuer  
326 of a general-use prepaid card or a linked prepaid card may provide  
327 disclosures that are consistent with the applicable provisions of 12 CFR  
328 1005.20(e), as from time to time amended, [, and (2) such issuer shall  
329 make the disclosure required under subparagraph (A) of subdivision  
330 (1) of subsections (b) and (c) of this section with equal prominence and  
331 in close proximity to the expiration date on the applicable card, code or  
332 device.]

333 Sec. 6. Subsections (b) and (c) of section 36a-785 of the 2016  
334 supplement to the general statutes are repealed and the following is  
335 substituted in lieu thereof (*Effective October 1, 2016*):

336 (b) Not less than ten days prior to the retaking, the holder of such  
337 contract, if he so desires, may serve upon the retail buyer, personally  
338 or by registered or certified mail, a notice of intention to retake the  
339 goods on account of the buyer's default. The notice shall state the  
340 default and the period at the end of which such goods will be retaken,  
341 and shall briefly and clearly state what the retail buyer's rights under  
342 this subsection will be in case such goods are retaken. In the case of

343 repossession of any motor vehicle, the notice shall inform the retail  
344 buyer that he or she is responsible for removing all of his or her  
345 personal property from the motor vehicle prior to the date of such  
346 repossession. If the notice is so served and the buyer does not perform  
347 the conditions and provisions as to which he or she is in default before  
348 the day set for retaking, the holder of the contract may retake said  
349 goods and hold such subject to the provisions of subsections (d), (e),  
350 (f), (g) and (h) of this section regarding resale, but without any right of  
351 redemption.

352 (c) If the holder of such contract does not give the notice of intention  
353 to retake, described in subsection (b), he shall retain such goods for  
354 fifteen days after the retaking within the state in which they were  
355 located when retaken. During such period the retail buyer, upon  
356 payment or tender of the unaccelerated amount due under such  
357 contract at the time of retaking and interest, or upon performance or  
358 tender of performance of such other condition as may be named in  
359 such contract as precedent to the retail buyer's continued possession of  
360 such goods, or upon performance or tender of performance of any  
361 other promise for the breach of which such goods were retaken, and  
362 upon payment of the actual and reasonable expenses of any retaking  
363 and storing, may redeem such goods and become entitled to take  
364 possession of the same and to continue in the performance of such  
365 contract as if no default had occurred. The holder of such contract shall  
366 [within three days] not later than three days after the date of the  
367 retaking furnish or mail, by registered or certified mail, to the last  
368 known address of the buyer a written statement [of] indicating (1) the  
369 unaccelerated sum due under such contract and the actual and  
370 reasonable expense of any retaking and storing, and (2) in the case of  
371 repossession of any motor vehicle, (A) that the buyer is responsible for  
372 removing all of his or her personal property from the motor vehicle, at  
373 no cost to the buyer, not later than fifteen days after the date on which  
374 the motor vehicle was repossessed, and (B) the date on which the  
375 motor vehicle can be accessed for the removal of such property.  
376 Nothing in this subsection shall be deemed to limit the rights a retail  
377 buyer otherwise might have to remove personal property from the

378 motor vehicle. For failure to furnish or mail such statement as required  
 379 by this section, the holder of the contract shall forfeit the right to claim  
 380 payment for the actual and reasonable expenses of retaking and  
 381 storage, and also shall be liable for the actual damages suffered  
 382 because of such failure. If such goods are perishable so that retention  
 383 for fifteen days as herein prescribed would result in their destruction  
 384 or substantial injury, the provisions of this subsection shall not apply  
 385 and the holder of the contract may resell the goods immediately upon  
 386 such retaking.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2016	New section
Sec. 2	October 1, 2016	36a-701
Sec. 3	October 1, 2016	36a-701a
Sec. 4	October 1, 2016	42a-4-406(f)
Sec. 5	October 1, 2016	42-460a
Sec. 6	October 1, 2016	36a-785(b) and (c)

**Statement of Legislative Commissioners:**

In Section 3, "on such minor child's credit report" was added for clarity, in Section 4(f), "within" was bracketed and after the closing bracket "on or before" was inserted for consistency with standard drafting conventions, in Section 6, "or she" was added for consistency with standard drafting conventions and in Section 6(c) "within three days" was bracketed and after the closing bracket "not later than three days after the date" was inserted for consistency.

**BA**            *Joint Favorable Subst.*

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 does not result in a fiscal impact to the state or municipalities.

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

**OLR Bill Analysis****sHB 5560*****AN ACT CONCERNING PERSONAL INFORMATION, SECURITY FREEZES ON CHILDREN'S CREDIT REPORTS, REPORTING OF UNAUTHORIZED SIGNATURES OR ALTERATIONS BY BANKS, MONTHLY DEBIT CARD CHARGES AND POSSESSIONS IN REPOSSESSED VEHICLES.*****SUMMARY:**

This bill changes certain requirements for imposing security freezes, placing expiration dates on general-use and linked prepaid cards, reporting fraud, and obtaining possessions from repossessed motor vehicles.

The bill limits the authority of parents or guardians to impose security freezes on credit reports to their children who are under age 16 and makes two changes to procedures governing these freezes (see BACKGROUND).

The bill creates an additional condition under which general-use and linked prepaid cards may include an expiration date (see BACKGROUND). Under the bill such cards must disclose a toll-free telephone number and any Internet website address for a customer to access certain information. The bill makes the disclosure requirements also applicable to the cards' packaging material.

It also specifically allows a bank and a customer to agree to a shorter time frame for discovering and reporting fraud than the statutory one-year time frame.

The bill requires a contract holder to notify a buyer of his or her responsibility to remove personal property from a vehicle within 10 days of the date on which the contract holder intends to repossess the vehicle. It prohibits a contract holder from imposing a storage cost

during the first 15 days after repossession if the buyer was not given notice of the repossession.

The bill also requires certain businesses to erase a former customer's credit and debit card information, upon the customer's request.

It also makes minor technical changes.

EFFECTIVE DATE: October 1, 2016

### **§§ 2 & 3 — SECURITY FREEZES**

The law allows a parent or legal guardian to request that credit reporting agencies place a security freeze on a minor child's credit report. The bill limits their authority to request these freezes to children under age 16, instead of age 18 as under current law.

The bill also makes two changes in the security freeze procedures that apply to the reports of minor children.

1. It eliminates a parent's or guardian's option to have an agency temporarily lift a freeze for a specific third party or for a period of time. Thus, a parent or guardian may only request that the agency completely remove the freeze.
2. It eliminates a requirement that the agency provide the parent or guardian with a unique personal identification number or password. Under current law, agencies must provide these for adults or those acting on behalf of children for identification when seeking to temporarily list or remove a freeze. For minor children, as under existing law, the parent or legal guardian making a request on behalf of a minor child must present the agency with identification and sufficient proof of authority to act for the child (the law specifies what qualifies as sufficient proof).

### **§ 5 — GENERAL-USE AND LINKED PREPAID CARDS**

#### ***Disclosure Requirements***

The bill creates an additional condition under which general-use

and linked prepaid cards may include an expiration date and adds it to the disclosures required on the cards.

Under existing law, a general-use or linked prepaid card cannot have an expiration date unless, among other things, it discloses in writing on the card (1) that the card, but not the underlying funds, expires; (2) that the consumer may contact the issuer for a replacement card; and (3) a toll-free telephone number and an Internet website address, if one is maintained, that a card holder may use to obtain a replacement card after it expires. The bill also requires the disclosure of a toll-free telephone number and an Internet website address, if one is maintained, that a card holder may use to obtain a comprehensive list of all charges, fees, and expenses associated with the card.

The bill requires packaging materials to contain the same disclosures that must appear on the cards. By law, the card holders must make the disclosures with equal prominence and in close proximity to the expiration date on the card.

#### **§ 4 — LOOK-BACK PERIOD TO DISCOVER AND REPORT FRAUD**

The bill specifically allows a bank and a customer to agree to a shorter time frame for discovering and reporting an unauthorized signature or alteration. Under the bill, as under existing law, such agreement does not negate the bank's responsibility for a lack of good faith or failure to exercise ordinary care or limit the measure of damages.

The law generally precludes a customer from asserting a claim of an unauthorized signature or alteration against a bank, if he or she fails to discover and report an unauthorized signature or any alteration on a statement item within one year after the statement is available.

#### **§ 6 — POSSESSIONS IN REPOSSED VEHICLES**

##### ***Repossession With Notice***

By law a contract holder who intends to repossess a vehicle may provide notice to the buyer of his or her intention to do so because of the buyer's default. The notice must be provided at least 10 days

before the repossession and, among other things, inform the buyer when the vehicle will be taken and of his or her rights. The bill requires the contract holder to inform the buyer that he or she is responsible for removing all personal property from the vehicle before the repossession date.

### ***Repossession Without Notice***

If the contract holder repossesses a vehicle without notice to the buyer, the contract holder must allow the buyer to reclaim the buyer's possessions without cost to the buyer during the first 15 days after the date of the repossession. The bill specifies that it does not limit any rights the buyer may have to remove personal property from the vehicle.

## **§ 1 — CREDIT AND DEBIT CARD INFORMATION ERASURE**

The bill requires anyone who conducts business in the state who, in the ordinary course of business, owns, licenses, or maintains computerized data, to erase a customer's debit or credit card information when requested by a customer who no longer wishes to engage in business with such person.

## **BACKGROUND**

### ***Security Freeze***

By law, a 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 minor. If the agency does not have information about the minor, it must create, but not release, a record that compiles information identifying him or her. The agency cannot use the record to consider the minor's character; reputation; personal characteristics; mode of living; or credit worthiness, standing, or capacity.

### ***General-Use Prepaid Cards***

A "general-use prepaid card" is a card, code, or other device (1) issued on a prepaid basis primarily for personal, family, or household purposes to a consumer in a specified amount, whether or not that amount may be increased or reloaded, in exchange for payment and

(2) redeemable upon presentation at multiple, unaffiliated merchants for goods or services, or usable at ATMs (12 CFR 1005.20(a)(3)).

General-use prepaid cards do not include a card that is:

1. usable only for telephone services;
2. reloadable and not marketed or labeled as a gift card or gift certificate;
3. a loyalty, award, or promotional gift card;
4. not marketed to the general public;
5. issued in paper form only; or
6. redeemable solely for admission to events or venues at a particular location or group of affiliated locations, or to obtain goods or services in conjunction with admission to such events or venues (12 CFR 1005.20(b)).

### ***Linked Prepaid Cards***

A “linked prepaid card” is a type of general-use prepaid card that allows the card purchaser or person who increases or reloads funds onto the card (the customer) to:

1. recover the unused balance and the interest earned on the unused balance through a financial account linked to the card;
2. set an expiration date at least 90 days from the date of purchase or increasing or reloading funds; and
3. transfer the unused balance to a bank offering a higher yield and full insurance from the Federal Deposit Insurance Corporation until the funds are exhausted or until the card expires, if the customer has a financial account linked to the card (CGS § 42-460a(2)).

### **COMMITTEE ACTION**

Banking Committee

Joint Favorable Substitute

Yea 17    Nay 1    (03/17/2016)