

SENATOR MARTIN M. LOONEY
PRESIDENT PRO TEMPORE

Eleventh District
New Haven, Hamden & North Haven



State of Connecticut

SENATE

State Capitol
Hartford, Connecticut 06106-1591
132 Fort Hale Road
New Haven, Connecticut 06512
Home: 203-468-8829
Capitol: 860-240-8600
Toll-free: 1-800-842-1420
www.SenatorLooney.cga.ct.gov

TESTIMONY BEFORE THE BANKING COMMITTEE
Senator Martin M. Looney
March 15, 2018

In support of:

S.B. 472, AN ACT CONCERNING FEES FOR SECURITY FREEZES ON CREDIT REPORTS, NOTIFICATION OF A CONSUMER'S DECISION TO PLACE OR REMOVE A SECURITY FREEZE ON A CREDIT REPORT AND THE DURATION OF CERTAIN IDENTITY THEFT PREVENTION SERVICES REQUIRED AFTER A DATA BREACH.

And

H.B. 5492, AN ACT CONCERNING CONSUMER CREDIT REPORTS, CREDIT RATING AGENCIES AND CERTAIN EMPLOYER CREDIT INQUIRIES.

Good afternoon Senator Martin, Senator Winfield, Representative Lesser, and members of the Banking Committee. I come before you today in support of two pieces of legislation, S.B. 472 and H.B. 5492, both aimed at protecting consumers in the wake of past and possible future security breaches at credit rating agencies.

In September of last year, it came to light that Equifax, one of three major credit-reporting agencies in the United States, suffered a massive security breach impacting more than 143 million Americans. This credit-reporting agency, and others like it, tracks and rates the financial history of nearly all American consumers, collecting a great deal of sensitive financial information about consumers in the process—including data from banks, credit card companies, retailers and lenders.

While the Equifax breach occurred between mid-May and July, it was not discovered by Equifax until July 29th, and the public was not informed until September 7th. It has been estimated that in the course of this months-long security breach, credit card numbers for over 200,000 customers were compromised. About 182,000 customers had “personal identifying information” accessed by hackers, including information such as names, Social Security numbers, birth dates, addresses, and the numbers of some driver's licenses.

The illicit release of so much sensitive financial information belonging to such a large number of people understandably caused many of those affected to worry their credit ratings might be negatively impacted. Even one stolen credit card number in the wrong hands can spell disaster for the rightful owner's credit rating.

Acting on this concern, a great many consumers promptly reached out to Equifax and the other two major credit-reporting agencies, Experian and TransUnion, and requested that a security freeze be placed on their account. Such requests were granted, but only after payment of a fee to each of the three agencies.

In response to public outcry, Equifax eventually relented and began to waive this fee for a limited period of time, and offered to refund fees already paid, yet the basic unfairness of charging such a fee under the circumstances remains striking. In almost all cases, consumers did not ask for Equifax to compile their personal and financial information in the first place—one does not get to choose which agencies monitor their credit. Consumers certainly had no control over the security of Equifax' computer systems and they never should have been asked to pay a fee to mitigate the damage inflicted upon them.

The maximum amount of such fees is in fact governed by state law. In Connecticut, total fees for a security freeze across the three credit-reporting agencies come to \$20.64, but this figure varies from state to state. In states like Indiana, Maine, North Carolina and South Carolina, the maximum such fee is zero dollars. In light of the Equifax incident, that seems a wise policy for our state to emulate.

Both S.B. 472 and H.B. 5492 contain provisions that would prohibit credit rating agencies from charging consumers a fee to place or remove a security freeze from a consumer's account, and would further require that a such request made to one credit-reporting agency be immediately passed on to the other two major agencies as well. In light of recent events, I view these proposed measures as essential protections for consumers, and I urge the members of this committee to pass legislation this session incorporating them.

Thank you very much for your time, and for your attention to this important matter.