



State of Connecticut

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Testimony in support of rSB 472 and rHB 5492 Banking Committee March 15, 2018

Chairmen Winfield, Martin, and Lesser, Ranking Member Simanski and Members of the Banking Committee, I would like to thank the Committee for allowing me the opportunity to testify in support of **Raised Senate Bill 472: An Act Concerning Fees For Security Freezes On Credit Reports... and Raised House Bill 5492 An Act Concerning Consumer Credit Reports...**

In light of the continuing efforts of Connecticut consumers to protect themselves and their personal financial information from data breaches such as the one involving Equifax, it has become advisable for consumers to place "credit freezes" on their financial accounts. Connecticut law allows credit reporting agencies to charge a fee of 10.00 for each credit freeze and other fees to thaw or lift the freeze. In order to be effective such freezes must be placed on all three of the major credit reporting agencies (Equifax, Experian, and TransUnion) resulting in hundreds dollars in fees being incurred by the average consumer.

Most states permit some fee to be charged for freezing accounts, however, both Maine and South Carolina have prohibited the charging of any fee. Connecticut exempts those who can prove that they are a victim of identity theft, those over the age of 62, and certain other protected classes of persons from such fees. However, given the prevalence of recurring data breaches, it is time for our state to allow credit protection to all our citizens free of charge. Some would argue that the fees charged are merely to cover administrative costs relating to credit freezes, but it is widely acknowledged that the real money for these agencies is in selling the information gathered by these agencies to lenders and other lending institutions, and that they should not profit from consumers protecting themselves from the unauthorized release of information by these agencies.

HB 5492 and SB 472 would each provide credit freeze fee relief to Connecticut consumers, however, **HB 5492** also provides an additional protection to consumers by prohibiting credit reporting agencies from requiring a claim limitation agreement as a condition of instituting a freeze. I therefore urge the promotion of **HB 5492** as the Committee Bill in this regard. I would also request that the Committee review the testimony of Mr. Rick N. Soucy, one of my own constituents who initially engaged me in this issue.

Thank you for your consideration of this consumer friendly initiative.