



General Assembly

February Session, 2018

Raised Bill No. 472

LCO No. 1724



Referred to Committee on BANKING

Introduced by:
(BA)

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.

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 Section 36a-701a of the general statutes is repealed and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 October 1, 2018*):

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 as soon as practicable, but not later than five
8 business days after receipt of such request. Not later than ten business
9 days after placing a security freeze on a consumer's credit report, such
10 credit rating agency shall send a written confirmation of such security
11 freeze to such consumer that provides the consumer with a unique
12 personal identification number or password to be used by the
13 consumer when providing authorization for the release of such

14 consumer's report to a third party or for a period of time. Nothing in
15 this subsection shall be deemed to require a consumer reporting
16 agency to provide to a minor child or the parent or legal guardian of a
17 minor child, on behalf of the minor child, a unique personal
18 identification number, password or similar device to be used to
19 authorize the consumer reporting agency to release such minor child's
20 credit report.

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

33 (c) Except for the temporary lifting of a security freeze as provided
34 in subsection (b) of this section, any security freeze authorized
35 pursuant to the provisions of this section shall remain in effect until
36 such time as such consumer requests such security freeze to be
37 removed. A credit rating agency shall remove such security freeze as
38 soon as practicable, but not later than three business days after receipt
39 of such request provided such consumer provides proper
40 identification to such credit rating agency and the unique personal
41 identification number or password described in subsection (a) of this
42 section at the time of such request for removal of the security freeze. In
43 the case of a minor child, the credit rating agency shall remove such
44 security freeze not later than fifteen business days after receipt of such
45 request, provided the minor child or the parent or legal guardian of the
46 minor child uses the unique personal identification number, password
47 or similar device provided under subsection (a) of this section at the

48 time of such request, if applicable.

49 (d) Any credit rating agency may develop procedures to receive and
50 process such request from a consumer to temporarily lift or remove a
51 security freeze on a credit report pursuant to subsection (b) of this
52 section. Such procedures, at a minimum, shall include, but not be
53 limited to, the ability of a consumer to send such temporary lift or
54 removal request by electronic [mail,] means, letter or facsimile.

55 (e) In the event that a third party requests access to a consumer's
56 credit report that has such a security freeze in place and such third
57 party request is made in connection with an application for credit or
58 any other use and such consumer has not authorized the disclosure of
59 such consumer's credit report to such third party, such third party may
60 deem such credit application as incomplete.

61 (f) Any credit rating agency may refuse to implement or may
62 remove such security freeze if such agency believes, in good faith, that:
63 (1) The request for a security freeze was made as part of a fraud that
64 the consumer participated in, had knowledge of, or that can be
65 demonstrated by circumstantial evidence, or (2) the consumer credit
66 report was frozen due to a material misrepresentation of fact by the
67 consumer. In the event any such credit rating agency refuses to
68 implement or removes a security freeze pursuant to this subsection,
69 such credit rating agency shall promptly notify such consumer in
70 writing of such refusal not later than five business days after such
71 refusal or, in the case of a removal of a security freeze, prior to
72 removing the freeze on the consumer's credit report.

73 (g) Nothing in this section shall be construed to prohibit disclosure
74 of a consumer's credit report to: (1) A person, or the person's
75 subsidiary, affiliate, agent or assignee with which the consumer has or,
76 prior to assignment, had an account, contract or debtor-creditor
77 relationship for the purpose of reviewing the account or collecting the
78 financial obligation owing for the account, contract or debt; (2) a
79 subsidiary, affiliate, agent, assignee or prospective assignee of a person

80 to whom access has been granted under subsection (b) of this section
81 for the purpose of facilitating the extension of credit or other
82 permissible use; (3) any person acting pursuant to a court order,
83 warrant or subpoena; (4) any person for the purpose of using such
84 credit information to prescreen as provided by the federal Fair Credit
85 Reporting Act; (5) any person for the sole purpose of providing a credit
86 file monitoring subscription service to which the consumer has
87 subscribed; (6) a credit rating agency for the sole purpose of providing
88 a consumer with a copy of his or her credit report upon the consumer's
89 request; or (7) a federal, state or local governmental entity, including a
90 law enforcement agency, or court, or their agents or assignees
91 pursuant to their statutory or regulatory duties. For purposes of this
92 subsection, "reviewing the account" includes activities related to
93 account maintenance, monitoring, credit line increases and account
94 upgrades and enhancements.

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

112 (i) (1) [Except as provided in subdivision (2) of this subsection, a] A
113 credit rating agency [may] shall not charge a fee [of not more than ten

114 dollars] to a consumer for [each] a security freeze, removal of such
115 freeze, [or] temporary lift of such freeze for a period of time [, and a fee
116 of not more than twelve dollars for] or a temporary lift of such freeze
117 for a specific party.

118 (2) [A credit rating agency shall not charge the fees authorized by
119 subdivision (1) of this subsection to: (A) A victim of identity theft or
120 the spouse of any victim of identity theft, who has submitted a copy of
121 a police report prepared pursuant to section 54-1n to the credit rating
122 agency; (B) any person who is covered under the victim of identity
123 theft's individual or group health insurance policy providing coverage
124 of the type specified in subdivisions (1), (2), (4), (11) and (12) of section
125 38a-469, who has submitted a copy of a police report prepared
126 pursuant to section 54-1n to the credit rating agency; (C) a person
127 sixty-two years of age or older; (D) a person under eighteen years of
128 age; (E) a person for whom a guardian or conservator has been
129 appointed by a court; and (F) a victim of domestic violence, as defined
130 in subdivision (1) of subsection (a) of section 17b-112a, who has
131 provided evidence of such domestic violence as specified in subsection
132 (b) of section 17b-112a to the credit rating agency.] Whenever a
133 consumer requests that a credit rating agency place or remove a
134 security freeze, temporary or otherwise, on such consumer's credit
135 report, the credit rating agency shall provide the consumer with the
136 option of having such credit rating agency notify any or all other credit
137 rating agencies of such request. If the consumer requests such
138 notification, the credit rating agency shall notify the specified other
139 credit rating agencies of the consumer's request to place or remove a
140 security freeze, as the case may be. A credit rating agency receiving
141 such notification shall treat the consumer's request to place or remove
142 a security freeze as if it received the request directly from the
143 consumer and shall be subject to the provisions of this section. No
144 credit rating agency shall charge a fee to a consumer for a
145 [replacement] personal identification number. [when such replacement
146 is the first one requested by the consumer.]

147 (j) The parent or legal guardian of a minor child may place a

148 security freeze on the credit report of a minor child by submitting a
149 written request to the credit rating agency in the manner described in
150 this section and subject to the same conditions and by providing the
151 credit rating agency with proper identification and sufficient proof of
152 authority to act on behalf of the minor child. The credit rating agency
153 shall place the security freeze on the credit report of a minor child as
154 soon as practicable, but not later than five business days after receipt of
155 such request. If the credit rating agency does not have any information
156 in its files pertaining to the minor child at the time the credit rating
157 agency receives a request pursuant to this subsection, the credit rating
158 agency shall create a record for the minor child and place a security
159 freeze on such record. Such record shall consist of a compilation of
160 information created by a credit rating agency that identifies a minor
161 child. A credit rating agency shall not create or use such record to
162 consider the minor child's credit worthiness, credit standing, credit
163 capacity, character, general reputation, personal characteristics or
164 mode of living. A credit rating agency shall not release a minor child's
165 credit report, any information derived from a minor child's credit
166 report or any record created for a minor child.

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

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

181 (m) Any security freeze in a credit report in effect as of October 1,
182 2016, shall continue to be in effect until the consumer or the parent or
183 legal guardian of a minor child requests the removal of the security
184 freeze.

185 Sec. 2. Section 36a-701b of the general statutes is repealed and the
186 following is substituted in lieu thereof (*Effective October 1, 2018*):

187 (a) For purposes of this section, (1) "breach of security" means
188 unauthorized access to or unauthorized acquisition of electronic files,
189 media, databases or computerized data, containing personal
190 information when access to the personal information has not been
191 secured by encryption or by any other method or technology that
192 renders the personal information unreadable or unusable; and (2)
193 "personal information" means an individual's first name or first initial
194 and last name in combination with any one, or more, of the following
195 data: (A) Social Security number; (B) driver's license number or state
196 identification card number; [or] (C) [account number,] credit or debit
197 card number; [,] or (D) financial account number in combination with
198 any required security code, access code or password that would permit
199 access to [an individual's] such financial account. "Personal
200 information" does not include publicly available information that is
201 lawfully made available to the general public from federal, state or
202 local government records or widely distributed media.

203 (b) (1) Any person who conducts business in this state, and who, in
204 the ordinary course of such person's business, owns, licenses or
205 maintains computerized data that includes personal information, shall
206 provide notice of any breach of security following the discovery of the
207 breach to any resident of this state whose personal information was
208 breached or is reasonably believed to have been breached. Such notice
209 shall be made without unreasonable delay but not later than ninety
210 days after the discovery of such breach, unless a shorter time is
211 required under federal law, subject to the provisions of subsection (d)
212 of this section and the completion of an investigation by such person to
213 determine the nature and scope of the incident, to identify the

214 individuals affected, or to restore the reasonable integrity of the data
215 system. Such notification shall not be required if, after an appropriate
216 investigation and consultation with relevant federal, state and local
217 agencies responsible for law enforcement, the person reasonably
218 determines that the breach will not likely result in harm to the
219 individuals whose personal information has been acquired and
220 accessed.

221 (2) If notice of a breach of security is required by subdivision (1) of
222 this subsection:

223 (A) The person who conducts business in this state, and who, in the
224 ordinary course of such person's business, owns, licenses or maintains
225 computerized data that includes personal information, shall, not later
226 than the time when notice is provided to the resident, also provide
227 notice of the breach of security to the Attorney General; and

228 (B) The person who conducts business in this state, and who, in the
229 ordinary course of such person's business, owns or licenses
230 computerized data that includes personal information, shall offer to
231 each resident whose personal information under subparagraph (A) of
232 subdivision (4) of subsection (a) of section 38a-999b or subparagraph
233 (A) of subdivision (2) of subsection (a) of this section was breached or
234 is reasonably believed to have been breached, appropriate identity
235 theft prevention services and, if applicable, identity theft mitigation
236 services. Such service or services shall be provided at no cost to such
237 resident for a period of not less than [twelve] twenty-four months.
238 Such person shall provide all information necessary for such resident
239 to enroll in such service or services and shall include information on
240 how such resident can place a credit freeze on such resident's credit
241 file.

242 (c) Any person that maintains computerized data that includes
243 personal information that the person does not own shall notify the
244 owner or licensee of the information of any breach of the security of
245 the data immediately following its discovery, if the personal

246 information of a resident of this state was breached or is reasonably
247 believed to have been breached.

248 (d) Any notification required by this section shall be delayed for a
249 reasonable period of time if a law enforcement agency determines that
250 the notification will impede a criminal investigation and such law
251 enforcement agency has made a request that the notification be
252 delayed. Any such delayed notification shall be made after such law
253 enforcement agency determines that notification will not compromise
254 the criminal investigation and so notifies the person of such
255 determination.

256 (e) Any notice to a resident, owner or licensee required by the
257 provisions of this section may be provided by one of the following
258 methods: (1) Written notice; (2) telephone notice; (3) electronic notice,
259 provided such notice is consistent with the provisions regarding
260 electronic records and signatures set forth in 15 USC 7001; (4)
261 substitute notice, provided such person demonstrates that the cost of
262 providing notice in accordance with subdivision (1), (2) or (3) of this
263 subsection would exceed two hundred fifty thousand dollars, that the
264 affected class of subject persons to be notified exceeds five hundred
265 thousand persons or that the person does not have sufficient contact
266 information. Substitute notice shall consist of the following: (A)
267 Electronic mail notice when the person has an electronic mail address
268 for the affected persons; (B) conspicuous posting of the notice on the
269 web site of the person if the person maintains one; and (C) notification
270 to major state-wide media, including newspapers, radio and television.

271 (f) Any person that maintains such person's own security breach
272 procedures as part of an information security policy for the treatment
273 of personal information and otherwise complies with the timing
274 requirements of this section, shall be deemed to be in compliance with
275 the security breach notification requirements of this section, provided
276 such person notifies, as applicable, residents of this state, owners and
277 licensees in accordance with such person's policies in the event of a
278 breach of security and in the case of notice to a resident, such person

279 also notifies the Attorney General not later than the time when notice
280 is provided to the resident. Any person that maintains such a security
281 breach procedure pursuant to the rules, regulations, procedures or
282 guidelines established by the primary or functional regulator, as
283 defined in 15 USC 6809(2), shall be deemed to be in compliance with
284 the security breach notification requirements of this section, provided
285 (1) such person notifies, as applicable, such residents of this state,
286 owners, and licensees required to be notified under and in accordance
287 with the policies or the rules, regulations, procedures or guidelines
288 established by the primary or functional regulator in the event of a
289 breach of security, and (2) if notice is given to a resident of this state in
290 accordance with subdivision (1) of this subsection regarding a breach
291 of security, such person also notifies the Attorney General not later
292 than the time when notice is provided to the resident.

293 (g) Failure to comply with the requirements of this section shall
294 constitute an unfair trade practice for purposes of section 42-110b and
295 shall be enforced by the Attorney General.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2018</i>	36a-701a
Sec. 2	<i>October 1, 2018</i>	36a-701b

Statement of Purpose:

To (1) prohibit credit rating agencies from charging a fee to consumers to place or remove a security freeze from the consumer's account, (2) require credit rating agencies to notify other credit rating agencies of a consumer's request to place or remove a security freeze from such consumer's account, and (3) increase the amount of identity theft prevention or mitigation services provided after a security breach.

[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.]