



1 bearing on a consumer's credit worthiness, credit standing,  
2 credit capacity, character, general reputation, personal  
3 characteristics, or mode of living that is used or expected to  
4 be used or collected in whole or in part for the purpose of  
5 serving as a factor in establishing the consumer's eligibility  
6 for credit.

7 "Consumer reporting agency" means any person who, for  
8 monetary fees, dues, or on a cooperative nonprofit basis,  
9 regularly engages in whole or in part in the practice of  
10 assembling or evaluating consumer credit information or other  
11 information on consumers for the purpose of furnishing consumer  
12 credit reports to third parties, and that uses any means or  
13 facility of interstate commerce for the purpose of preparing or  
14 furnishing consumer reports.

15 "Identity theft" means a violation of section 708-839.6,  
16 708-839.7, or 708-839.8.

17 "Security freeze" means a notice placed in a consumer  
18 report, at the request of a consumer who is a victim of identity  
19 theft, that prohibits a consumer reporting agency from releasing  
20 the consumer report or score relating to an extension of credit.

21 **§ -2 Security freeze by consumer reporting agency. (a)**

22 A consumer who has been the victim of identity theft may place a



1 security freeze on a consumer report by making a request in  
2 writing by certified mail to a consumer reporting agency,  
3 accompanied by a valid copy of a police report, investigative  
4 report, or complaint the consumer has filed with a law  
5 enforcement agency about unlawful use of the consumer's personal  
6 information by another person. A consumer reporting agency  
7 shall not charge a fee for placing or removing a security freeze  
8 on a consumer report. A security freeze shall prohibit the  
9 consumer reporting agency from releasing the consumer report or  
10 any information from the report without the express  
11 authorization of the consumer. When a security freeze is in  
12 place, information from a consumer report shall not be released  
13 to a third party without prior express authorization from the  
14 consumer. This subsection shall not prevent a consumer  
15 reporting agency from advising a third party that a security  
16 freeze is in effect with respect to the consumer report.

17 (b) A consumer reporting agency shall place a security  
18 freeze on a consumer report no later than five business days  
19 after receiving a written request from the consumer.

20 (c) The consumer reporting agency shall send a written  
21 confirmation of the security freeze to the consumer within ten  
22 business days of placing the security freeze and shall provide



1 the consumer with a unique personal identification number or  
2 password, other than the consumer's social security number, to  
3 be used by the consumer when providing authorization for the  
4 release of the consumer report for a specific party, parties, or  
5 period of time.

6 (d) If the consumer wishes to allow access to the consumer  
7 report for a specific period of time while a security freeze is  
8 in place, the consumer shall contact the consumer reporting  
9 agency at a point of contact designated by the agency using  
10 procedures that may be developed by the consumer reporting  
11 agency pursuant to subsection (e), requesting that the security  
12 freeze be temporarily lifted, and the consumer shall provide the  
13 following:

- 14 (1) Clear and proper identification;
- 15 (2) The unique personal identification number or password  
16 provided by the consumer reporting agency pursuant to  
17 subsection (c); and
- 18 (3) Clear and proper information regarding the time period  
19 for which the report shall be available to users of  
20 the consumer report.

21 (e) A consumer reporting agency may develop procedures  
22 involving the use of telephone, facsimile, Internet, or other



1 electronic means to receive and process a request from a  
2 consumer to temporarily lift a security freeze on a consumer  
3 report in an expedited manner.

4 (f) A consumer reporting agency that receives a request  
5 from a consumer to temporarily lift a security freeze on a  
6 consumer report shall comply with the request no later than  
7 three business days after receiving a request pursuant to  
8 subsection (d).

9 (g) A consumer reporting agency shall remove or  
10 temporarily lift a security freeze placed on a consumer report  
11 only in the following cases:

12 (1) Upon consumer request; or

13 (2) When the consumer report was frozen due to a material  
14 misrepresentation of fact by the consumer.

15 If a consumer reporting agency intends to remove a security  
16 freeze from a consumer report pursuant to this subsection, the  
17 consumer reporting agency shall notify the consumer in writing  
18 prior to removing the security freeze on the consumer report.

19 (h) If a third party requests access to a consumer report  
20 on which a security freeze is in effect in connection with an  
21 application for credit or any other use and the consumer does  
22 not allow the consumer report to be accessed for that specific



1 party or period of time, the third party may treat the  
2 application as incomplete.

3 (i) If a consumer requests a security freeze, the consumer  
4 reporting agency shall disclose to the consumer the process of  
5 placing and temporarily lifting a security freeze and the  
6 process of allowing access to information from the consumer  
7 report for a specific period of time while the security freeze  
8 is in place.

9 (j) Except as provided for in subsection (d), a security  
10 freeze shall remain in place until the consumer requests that  
11 the security freeze be removed. A consumer reporting agency  
12 shall remove a security freeze within three business days of  
13 receiving a request for removal at a point of contact designated  
14 by the agency using procedures that may be developed by the  
15 consumer reporting agency pursuant to subsection (e); provided  
16 that the consumer shall provide the following:

- 17 (1) Clear and proper identification; and  
18 (2) The unique personal identification number or password  
19 provided by the consumer reporting agency pursuant to  
20 subsection (c).



1 (k) A consumer reporting agency shall require clear and  
2 proper identification of the person making a request to place or  
3 remove a security freeze.

4 (l) The provisions of this section, including the security  
5 freeze, do not apply to the use of a consumer report by the  
6 following:

7 (1) A person, or the person's subsidiary, affiliate,  
8 agent, or assignee with which the consumer has or,  
9 prior to assignment, had an account, contract, or  
10 debtor-creditor relationship for the purposes of  
11 reviewing the account or collecting the financial  
12 obligation owing for the account, contract, or debt,  
13 or extending credit to a consumer with a prior or  
14 existing account, contract, or debtor-creditor  
15 relationship. For purposes of this paragraph,  
16 "reviewing the account" includes activities related to  
17 account maintenance, monitoring, credit line  
18 increases, and account upgrades and enhancements;

19 (2) A subsidiary, affiliate, agent, assignee, or  
20 prospective assignee of a person to whom access has  
21 been granted for purposes of facilitating the  
22 extension of credit or other permissible use;



- 1           (3) Any person acting pursuant to a court order, warrant,  
2                    or subpoena;
- 3           (4) A child support enforcement agency when investigating  
4                    a child support case pursuant to Title IV-D of the  
5                    Social Security Act (42 U.S.C. 651 et seq);
- 6           (5) The department of the attorney general or county  
7                    prosecuting attorneys or their agents or assignees  
8                    acting to investigate medicaid fraud;
- 9           (6) The department of taxation, county taxing authorities,  
10                    or any of their agents or assignees, acting to  
11                    investigate or collect delinquent taxes or  
12                    assessments, including interest and penalties, unpaid  
13                    court orders, or to fulfill any of their other  
14                    statutory or charter responsibilities;
- 15           (7) The use of credit information for the purposes of  
16                    prescreening as provided by the federal Fair Credit  
17                    Reporting Act (15 U.S.C. 1681 et seq.);
- 18           (8) Any person for use in setting or adjusting a rate,  
19                    adjusting a claim, or underwriting for insurance  
20                    purposes;



1 (9) Any person for the sole purpose of providing a credit  
2 file monitoring subscription service to which the  
3 consumer has subscribed; and

4 (10) A person for the sole purpose of providing a consumer  
5 with a copy of the consumer's report upon the  
6 consumer's request.

7 **§ -3 Consumer reporting agency duties if security freeze**

8 **in place.** If a security freeze is in place, a consumer  
9 reporting agency shall not change any of the following official  
10 information in a consumer report without sending a written  
11 confirmation of the change to the consumer within thirty days of  
12 the change being posted to the consumer's file: name, date of  
13 birth, social security number, and address. Written  
14 confirmation shall not be required for technical modifications  
15 of a consumer's official information, including name and street  
16 abbreviations, complete spellings, or transposition of numbers  
17 or letters. In the case of an address change, the written  
18 confirmation shall be sent to both the new address and the  
19 former address.

20 **§ -4 Persons not required to place security freeze.** The

21 requirement under this chapter to place a security freeze on a  
22 consumer report shall not apply to:

- 1           (1) A check services or fraud prevention services company  
2           that reports on incidents of fraud or issues  
3           authorizations for the purpose of approving or  
4           processing negotiable instruments, electronic fund  
5           transfers, or similar methods of payment;
- 6           (2) A deposit account information service company that  
7           issues reports regarding account closures due to  
8           fraud, substantial overdrafts, ATM abuse, or similar  
9           negative information regarding a consumer to inquiring  
10          banks or other financial institutions for use only in  
11          reviewing a consumer request for a deposit account at  
12          the inquiring bank or financial institution; and
- 13          (3) A consumer reporting agency that:
- 14                (A) Acts only to resell credit information by  
15                assembling and merging information contained in a  
16                database of one or more consumer reporting  
17                agencies; and
- 18                (B) Does not maintain a permanent database of credit  
19                information from which new consumer reports are  
20                produced;
- 21          and



1 (4) Any person for use in setting or adjusting a rate,  
2 adjusting a claim, or underwriting for insurance  
3 purposes.

4 **§ -5 Violation, penalties.** (a) Exclusive of any other  
5 remedies that may be permitted by law, any person that wilfully  
6 fails to comply with any requirement imposed under this chapter  
7 with respect to any consumer is liable to the consumer in an  
8 amount equal to the sum of the following:

9 (1) (A) Any actual damages sustained by the consumer as a  
10 result of the failure or damages of not less than  
11 \$100 and not more than \$1000; or

12 (B) In the case of liability of a natural person for  
13 requesting a freeze, a temporary lift of a  
14 security freeze, or the removal of a security  
15 freeze under false pretenses or in an attempt to  
16 violate federal or state law, actual damages  
17 sustained by the consumer as a result of the  
18 failure, or \$1,000, whichever is greater;

19 (2) Such amount of punitive damages as the court may  
20 allow; and

21 (3) In the case of any successful action to enforce any  
22 liability under this section, the costs of the action,



1           together with reasonable attorney's fees as determined  
2           by the court.

3           (b) Exclusive of any other remedies that may be permitted  
4 by law, any person who is negligent in failing to comply with  
5 any requirement imposed under this chapter with respect to any  
6 consumer is liable to that consumer in an amount equal to the  
7 sum of the following:

8           (1) Any actual damages sustained by the consumer as a  
9           result of the failure; and

10          (2) In the case of any successful action to enforce any  
11          liability under this section, the costs of the action,  
12          together with reasonable attorney's fees as determined  
13          by the court."

14          SECTION 3. This Act shall take effect on January 1, 2096.



HB 1871  
HD1

**Report Title:**

Consumer Credit Reporting Agencies; Identity Theft

**Description:**

Allows victims of identity theft to place a "security freeze" on their consumer reports, thereby prohibiting a consumer reporting agency from releasing information about the individual without the individual's express consent. (HB1871 HD1)

