

1 HB313
2 124212-4
3 By Representatives Bridges, Laird, Johnson (W) and Millican
4 RFD: Financial Services
5 First Read: 22-MAR-11

1 of assembling or evaluating consumer credit information or
2 other information on consumers for the purpose of furnishing
3 consumer credit reports to third parties.

4 (4) NORMAL BUSINESS HOURS. Any day between the hours
5 of 8:00 A.M. and 9:30 P.M., Central Standard Time.

6 (5) PERSON. Any individual, partnership,
7 corporation, trust, estate, cooperative, association,
8 government or governmental subdivision or agency, or other
9 entity.

10 (6) PROPER IDENTIFICATION. Information generally
11 deemed sufficient to identify a person for consumer reporting
12 agency purposes under 15 U.S.C. §1681 et seq.

13 (7) SECURITY FREEZE. A restriction placed on a
14 consumer credit report at the request of the consumer that
15 prohibits a consumer credit reporting agency from releasing
16 the consumer's consumer credit report for a purpose relating
17 to the extension of credit without the express authorization
18 of the consumer.

19 Section 2. (a) A consumer may place a security
20 freeze on the consumer's credit report by making a request in
21 writing by certified mail to a consumer credit reporting
22 agency. No later than 30 days after the effective date of this
23 act, a consumer credit reporting agency shall make available
24 to consumers an Internet based method of requesting a security
25 freeze and a toll-free telephone number for consumers to use
26 to place a security freeze, temporarily lift a security
27 freeze, or completely remove a security freeze. A security

1 freeze shall prohibit, subject to exceptions in subsection
2 (m), the consumer credit reporting agency from releasing the
3 consumer's credit report or credit score without the prior
4 express authorization of the consumer as provided in
5 subsection (d) or (e). Nothing in this subsection shall
6 prevent a consumer credit reporting agency from advising a
7 third party that a security freeze is in effect with respect
8 to the consumer's credit report.

9 (b) A consumer credit reporting agency shall place a
10 security freeze on a consumer's credit report no later than
11 three business days after receiving the consumer's written
12 request sent by certified mail.

13 (c) The consumer credit reporting agency shall send
14 a written confirmation of the security freeze to the consumer
15 within 10 business days of placing the security freeze and at
16 the same time shall provide the consumer with a unique
17 personal identification number or password, other than the
18 consumer's Social Security number, to be used by the consumer
19 when providing authorization for the release of the consumer's
20 credit report for a specific period of time.

21 (d) If the consumer wishes to allow the consumer's
22 credit report to be accessed for a specific period of time
23 while a security freeze is in place, the consumer shall
24 contact the consumer credit reporting agency through the
25 contact method established by the consumer credit reporting
26 agency, request that the security freeze be temporarily
27 lifted, and provide all of the following:

1 (1) Proper identification.

2 (2) The unique personal identification number or
3 password provided by the consumer credit reporting agency
4 pursuant to subsection (c).

5 (3) The proper information regarding the time period
6 for which the report shall be available to users of the
7 consumer credit report.

8 (4) The proper payment as may be required by the
9 consumer credit reporting agency.

10 (e) A consumer credit reporting agency shall develop
11 procedures involving the use of telephone, the Internet, or
12 other electronic media to receive and process a request from a
13 consumer to temporarily lift a security freeze on a consumer
14 credit report pursuant to subsection (d).

15 (f) A consumer credit reporting agency that receives
16 a request from a consumer to temporarily lift a security
17 freeze on a consumer credit report pursuant to subsection (d)
18 or (e) shall comply with the request as follows:

19 (1) No later than three business days after
20 receiving a written request.

21 (2) Within 15 minutes after the request and payment
22 are received by telephone or electronically by the contact
23 method chosen by the consumer reporting agency during normal
24 business hours and the request includes the consumer's proper
25 identification, correct personal identification number or
26 password, and the proper payment as may be required by the
27 consumer credit reporting agency.

1 (g) A consumer reporting agency need not temporarily
2 lift a security freeze within 15 minutes, as specified in
3 subdivision (2) of subsection (f), if either of the following
4 occurs:

5 (1) The consumer fails to satisfy the requirements
6 of subsection (d).

7 (2) The consumer credit reporting agency's ability
8 to temporarily lift the security freeze within 15 minutes is
9 prevented by the following:

10 a. An act of God, including earthquakes, hurricanes,
11 storms, or similar natural disaster or phenomenon, or fire.

12 b. Unauthorized or illegal acts by a third party,
13 including terrorism, sabotage, riot, vandalism, labor strikes
14 or disputes disrupting operations, or similar occurrence.

15 c. Operational interruption, including electrical
16 failure, unanticipated delay in equipment or replacement part
17 delivery, computer hardware or software failures inhibiting
18 response time, or similar disruption.

19 d. Governmental action, including emergency orders
20 or regulations, judicial or law enforcement action, or similar
21 directives.

22 e. Regularly scheduled maintenance or updates,
23 during other than normal business hours, to the consumer
24 reporting agency's systems.

25 f. Commercially reasonable maintenance of, or repair
26 to, the consumer reporting agency's systems that is unexpected
27 or unscheduled.

1 g. Receipt of a request outside of normal business
2 hours.

3 (h) A consumer credit reporting agency shall only
4 remove or temporarily lift a security freeze placed on a
5 consumer's credit report upon any of the following
6 circumstances:

7 (1) Upon the consumer's request, in compliance with
8 the requirements of this section.

9 (2) If the consumer's credit report was frozen due
10 to a material misrepresentation of fact by the consumer. If a
11 consumer credit reporting agency intends to remove a security
12 freeze upon a consumer's credit report pursuant to this
13 paragraph, the consumer credit reporting agency shall notify
14 the consumer in writing prior to removing the security freeze
15 on the consumer's credit report.

16 (i) If a third party requests access to a consumer
17 credit report on which a security freeze is in effect and this
18 request is in connection with an application for credit or any
19 other use related to the extension of credit and the consumer
20 does not allow the consumer's credit report to be accessed for
21 that specific period of time, the third party may treat the
22 application as incomplete.

23 (j) If a consumer requests a security freeze
24 pursuant to this section, the consumer credit reporting agency
25 shall disclose to the consumer the process of placing and
26 temporarily lifting a security freeze and the process for
27 allowing access to information from the consumer's credit

1 report for a specific period of time while the security freeze
2 is in place.

3 (k) A security freeze shall remain in place until
4 the consumer requests that the security freeze be removed. A
5 consumer credit reporting agency shall remove a security
6 freeze within three business days of receiving a request for
7 removal from the consumer. The consumer shall provide all of
8 the following:

9 (1) Proper identification.

10 (2) The unique personal identification number or
11 password provided by the consumer credit reporting agency
12 pursuant to subsection (c).

13 (3) The proper fee as may be required by the
14 consumer credit reporting agency.

15 (1) A consumer credit reporting agency shall require
16 proper identification of the person making a request to place,
17 temporarily lift, or remove a security freeze.

18 (m) By way of example only, and not intending to be
19 exclusive, this section shall not apply to the use of a
20 consumer credit report by any of the following:

21 (1) A person, or the person's subsidiary, affiliate,
22 agent, subcontractor, or assignee with whom the consumer has,
23 or prior to assignment had, an account, contract, or
24 debtor-creditor relationship for the purposes of reviewing the
25 active account or collecting the financial obligation owing
26 for the account, contract, or debt.

1 (2) A subsidiary, affiliate, agent, assignee, or
2 prospective assignee of a person to whom access has been
3 granted under subsection (d) for purposes of facilitating the
4 extension of credit or other permissible use.

5 (3) Any person acting pursuant to a court order,
6 warrant, or subpoena.

7 (4) A state or local agency, or its agents or
8 assigns, which administers a program for establishing and
9 enforcing child support obligations.

10 (5) A state or local agency, or its agents or
11 assigns, acting to investigate fraud, including Medicaid
12 fraud; acting to investigate or collect delinquent taxes or
13 assessments, including interest, penalties, and unpaid court
14 orders; or acting to fulfill any of its other statutory
15 responsibilities.

16 (6) A federal, state, or local governmental entity,
17 including a law enforcement agency, court, or its agents or
18 assigns.

19 (7) Any person for the use of a credit report for
20 purposes permitted under 15 U.S.C. §1681b(c).

21 (8) Any person for the sole purpose of providing a
22 credit file monitoring subscription service to which the
23 consumer has subscribed.

24 (9) Any person for the purpose of providing a
25 consumer with a copy of the consumer's credit report or credit
26 score upon the consumer's request.

1 (10) Any depository financial institution for
2 checking, savings, and investment accounts.

3 (11) Any person or entity for insurance purposes,
4 including use in setting or adjusting a rate, adjusting a
5 claim, or underwriting.

6 (12) Any utility for providing utility service,
7 including use in determining whether to charge a security
8 deposit.

9 (n) If a security freeze is in place, a consumer
10 credit reporting agency shall not change any of the following
11 official information in a credit report without sending a
12 written confirmation of the change to the consumer within 30
13 days of the change being posted to the consumer's file: Name,
14 date of birth, Social Security number, and address. Written
15 confirmation shall not be required for technical modifications
16 of a consumer's official information, including name and
17 street abbreviations, complete spellings, or transposition of
18 numbers or letters. In the case of an address change, the
19 written confirmation shall be sent to both the new address and
20 the former address.

21 (o) The following persons shall not be required to
22 place a security freeze in a consumer credit report pursuant
23 to this section, provided, however, that any person not
24 required to place a security freeze on a consumer credit
25 report under the provisions of subdivision (3) shall be
26 subject to any security freeze placed on a consumer credit

1 report by another consumer credit reporting agency from which
2 it obtains information:

3 (1) A check services or fraud prevention services
4 company, including reports on incidents of fraud, or
5 authorizations for the purpose of approving or processing
6 negotiable instruments, electronic funds transfers, or similar
7 methods of payment.

8 (2) A deposit account information service company
9 which issues reports regarding account closures due to fraud,
10 substantial overdrafts, automated teller machine abuse, or
11 other similar negative information regarding a consumer to
12 inquiring banks or other financial institutions for use only
13 in reviewing a consumer request for a deposit account at the
14 inquiring bank or financial institution.

15 (3) Resellers of consumer credit report information
16 that assemble and merge information contained in a database of
17 one or more consumer credit reporting agencies and do not
18 maintain a permanent database of consumer credit information
19 from which new consumer credit reports are produced.

20 (4) A consumer credit reporting agency's database or
21 file which consists of information concerning, and used for,
22 one or more of the following:

- 23 a. Criminal record information.
- 24 b. Fraud prevention or detection.
- 25 c. Personal claim loss history information.
- 26 d. Employment, tenant, or individual background
27 screening.

1 (p) This section shall not prevent a consumer credit
2 reporting agency from charging a fee of no more than ten
3 dollars (\$10) to a consumer for each security freeze
4 placement, any permanent removal of the security freeze, or
5 any temporary lifting of the security freeze for a period of
6 time. A consumer credit reporting agency shall not charge a
7 person age 65 years or over for the placement of a security
8 freeze. A consumer credit reporting agency shall not charge
9 any fee to a victim of identity theft who has submitted a copy
10 of a valid investigative or incident report or complaint with
11 a law enforcement agency about the unlawful use of the
12 victim's identifying information by another person that was
13 filed with the law enforcement agency no more than 90 days
14 prior to the consumer's request for a security freeze. A
15 consumer credit reporting agency may charge a fee of no more
16 than five dollars (\$5) to a consumer for each replacement of a
17 unique personal identification number or password.

18 (q) A person that violates this section may be fined
19 not more than one hundred dollars (\$100) for a violation
20 concerning a specific consumer.

21 Section 3. At any time that a consumer is required
22 to receive a summary of rights required by 15 U.S.C. §1681g(d)
23 of the federal Fair Credit Reporting Act, the consumer shall
24 also be provided with the following notice:

25 "Alabama Consumers Have the Right to Obtain a
26 Security Freeze. You have a right to place a security freeze
27 on your credit report, which will prohibit a consumer

1 reporting agency from releasing information in your credit
2 report without your express authorization. A security freeze
3 must be requested in writing by certified mail or by
4 electronic means as provided by a consumer reporting agency.
5 The security freeze is designed to prevent credit, loans, and
6 services from being approved in your name without your
7 consent. If you are actively seeking a new credit, loan,
8 utility, telephone, or insurance account, you should
9 understand that the procedures involved in lifting a security
10 freeze may slow your applications for credit. You should plan
11 ahead and lift a freeze in advance of actually applying for
12 new credit. When you place a security freeze on your credit
13 report, you will be provided a personal identification number
14 or password to use if you choose to remove the freeze on your
15 credit report or authorize the release of your credit report
16 for a period of time after the freeze is in place.

17 "To provide that authorization you must contact the
18 consumer reporting agency and provide all of the following:

19 "(1) Your personal identification number or
20 password.

21 "(2) Proper identification to verify your identity.

22 "(3) The proper information regarding the period of
23 time for which the report shall be available. A consumer
24 reporting agency must authorize the release of your credit
25 report no later than 15 minutes after receiving the above
26 information if the request is by electronic means or by

1 telephone, or no later than three business days when a written
2 request is submitted.

3 "A security freeze does not apply to a person or
4 entity, or its affiliates or collection agencies acting on
5 behalf of the person or entity, with which you have an
6 existing account, that requests information in your credit
7 report for the purposes of reviewing or collecting the
8 account. Reviewing the account includes activities related to
9 account maintenance. Unless you are a victim of identity theft
10 with a police report or other official document acceptable to
11 a consumer reporting agency to verify the crimes, or you are
12 65 years of age or older, a consumer reporting agency has the
13 right to charge you a fee of no more than ten dollars (\$10) to
14 place a freeze on your credit report."

15 Section 4. This act shall become effective on the
16 first day of the third month following its passage and
17 approval by the Governor, or its otherwise becoming law.

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House of Representatives

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ferred to the House of Representa-
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Yeas 96, Nays 0, Abstains 1

Greg Pappas
Clerk