

Legislative Analysis



CREDIT SECURITY ACT

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House Bill 4103

Sponsor: Rep. Kathy Angerer

Committee: Banking and Financial Services

Complete to 3-9-07

A SUMMARY OF HOUSE BILL 4103 AS INTRODUCED 1-23-07

The bill would create the Credit Security Act of 2007 to require certain credit reporting agencies to place security alerts and security freezes on consumer credit information, to authorize and limit fees, and to allow consumers to sue to recover damages for certain violations of the act.

The bill would apply to any person who, for monetary fees or dues or on a cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing credit reports to third parties and who uses any means or facility of interstate commerce for the purpose of preparing or furnishing credit reports. It would not apply to a check acceptance service providing check approval and guarantee services to merchants.

A "credit report" would mean any written, oral, or other communication of any credit information by a credit reporting agency that operates or maintains a database of consumer credit information bearing on a consumer's creditworthiness, credit standing, or credit capacity.

The bill would do the following:

- Create a mechanism by which a consumer could request a credit reporting agency to place a security freeze on his or her own consumer file. A "security freeze" would prohibit (unless otherwise allowed under the bill) a credit reporting agency from releasing a consumer's credit report or credit score without the consumer's express authorization. A credit reporting agency could advise a third party that a security freeze was in effect.
- Specify conditions under which a security freeze could be removed or temporarily lifted.
- Prohibit a credit reporting agency from changing certain personal information while a security freeze was in effect unless it sent written confirmation of the change to the consumer within 30 days after posting the change to the consumer's file. If the change was in regards to the address, the written confirmation would have to be sent to both the former address and the new address.
- Allow the imposition of a reasonable fee not to exceed \$10 for initially placing the security freeze on a consumer file.

- Allow a reasonable fee not to exceed \$8 per request to temporarily lift the security freeze on a consumer file.
- Prohibit a credit reporting agency from charging a consumer a fee to revoke the security freeze.
- Allow a consumer damaged by an intentional or negligent violation of the bill to bring an action to recover actual damages, plus reasonable attorney fees and court costs.

FISCAL IMPACT:

There is no fiscal impact on the State of Michigan or its local units of government.

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