

HOUSE BILL No. 4103

January 23, 2007, Introduced by Reps. Angerer, Ebli, Tobocman, Ball, Polidori, Accavitti, Miller, Donigan and Kathleen Law and referred to the Committee on Banking and Financial Services.

A bill to require certain credit reporting agencies to place security alerts and security freezes on certain consumer credit information; to authorize and limit fees; and to provide remedies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "credit security act of 2007".

3 Sec. 3. As used in this act:

4 (a) "Clear and proper identification" means information
5 generally deemed sufficient to identify an individual.

6 (b) "Consumer" means an individual who resides in this state.

7 (c) "Consumer file" means any file or record maintained by a
8 credit reporting agency about a consumer.

9 (d) "Credit report" means any written, oral, or other
10 communication of any credit information by a credit reporting

1 agency that operates or maintains a database of consumer credit
2 information bearing on a consumer's creditworthiness, credit
3 standing, or credit capacity.

4 (e) "Credit reporting agency" means any person who, for
5 monetary fees or dues or on a cooperative nonprofit basis,
6 regularly engages in whole or in part in the practice of assembling
7 or evaluating consumer credit information or other information on
8 consumers for the purpose of furnishing consumer reports to third
9 parties and who uses any means or facility of interstate commerce
10 for the purpose of preparing or furnishing credit reports. The term
11 does not include a check acceptance service that provides check
12 approval and guarantee services to merchants.

13 (f) "Security alert" means a notice that is placed on a
14 consumer file at the request of the consumer, is sent to a
15 recipient of a credit report involving that consumer file, and
16 states that the consumer's identity may have been used without the
17 consumer's consent to fraudulently obtain goods or services in the
18 consumer's name.

19 (g) "Security freeze" means a notice placed on a consumer file
20 at the request of the consumer and that prohibits a credit
21 reporting agency from releasing the consumer's credit report or
22 credit score without the express authorization of the consumer
23 except in compliance with this act.

24 Sec. 5. (1) A consumer may place a security freeze on his or
25 her consumer file by making a written request to a credit reporting
26 agency that includes clear and proper identification of the
27 consumer. A credit reporting agency shall place a security freeze

1 on a consumer's consumer file within 10 business days after
2 receiving a written request for the security freeze from the
3 consumer under this subsection.

4 (2) If a security freeze is in place, a credit reporting
5 agency shall not release information from a consumer file to a
6 third party without prior express authorization from the consumer.
7 This subsection does not prevent a credit reporting agency from
8 advising a third party that a security freeze is in effect with
9 respect to the consumer's consumer file.

10 Sec. 7. (1) Within 10 business days after a credit reporting
11 agency receives a request for a security freeze under section 5,
12 the credit reporting agency shall provide the consumer with a
13 unique personal identification number or password that the consumer
14 may use to provide authorization for access to his or her consumer
15 file for a specific period of time. In addition, the credit
16 reporting agency shall simultaneously provide to the consumer in
17 writing the process for placing, removing, and temporarily lifting
18 a security freeze and the process for allowing access to
19 information from the consumer file while the security freeze is in
20 effect.

21 (2) A consumer may request in writing a replacement personal
22 identification number or password for purposes of subsection (1).
23 The request must comply with the requirements for requesting a
24 security freeze under section 5. Within 7 business days after a
25 credit reporting agency receives a request for a replacement
26 personal identification number or password, the credit reporting
27 agency shall provide the consumer with a new, unique personal

1 identification number or password to be used by the consumer
2 instead of the number or password that was provided under
3 subsection (1).

4 Sec. 9. (1) A credit reporting agency shall notify a person
5 who requests a credit report if a security freeze is in effect for
6 the consumer file involved in that credit report.

7 (2) If a security freeze is in effect, a credit reporting
8 agency shall not change any of the following information in a
9 consumer file without sending a written confirmation of the change
10 to the consumer within 30 days after the posting of the change to
11 the consumer's file: name, date of birth, social security number,
12 or address. If the change is an address change, the credit
13 reporting agency shall send written confirmation to both the new
14 address and the former address. Written confirmation is not
15 required for a technical modification of information in a consumer
16 file, including name and street abbreviations, complete spellings,
17 or transposition of numbers or letters.

18 Sec. 11. (1) A credit reporting agency shall remove or
19 temporarily lift a security freeze placed on a consumer file only
20 if 1 of the following applies:

21 (a) The consumer makes a request under this section and pays
22 any applicable fees under section 13.

23 (b) The consumer file is frozen due to a material
24 misrepresentation of fact by the consumer. If a credit reporting
25 agency intends to remove a security freeze on a consumer file under
26 this subdivision, the credit reporting agency shall notify the
27 consumer in writing before removing the security freeze.

1 (2) If a consumer wishes to allow access to his or her
2 consumer file for a specific period of time while a security freeze
3 is in place, he or she shall contact the credit reporting agency
4 and request that the credit reporting agency temporarily lift the
5 security freeze and provide all of the following to the credit
6 reporting agency:

7 (a) Clear and proper identification.

8 (b) The unique personal identification number or password
9 provided by the credit reporting agency under section 5.

10 (c) The specific time period that the consumer requests that
11 the credit reporting agency allow users access to his or her
12 consumer file.

13 (3) A credit reporting agency that receives a request from a
14 consumer to temporarily lift a security freeze on his or her
15 consumer file under subsection (2) shall comply with the request
16 within 3 business days after receiving the request. A credit
17 reporting agency may develop procedures involving the use of
18 telephone, facsimile, the internet, or other electronic media to
19 receive and process a request from a consumer to temporarily lift a
20 security freeze on a consumer file in an expedited manner.

21 (4) A security freeze shall remain in place until the consumer
22 requests that the credit reporting agency remove the security
23 freeze. A credit reporting agency shall remove a security freeze
24 within 3 business days after receiving a request for removal from
25 the consumer and the all of the following information from the
26 consumer:

27 (a) Clear and proper identification.

1 (b) The unique personal identification number or password
2 provided by the credit reporting agency under section 7.

3 Sec. 13. (1) A credit reporting agency may impose a reasonable
4 fee on a consumer for initially placing a security freeze on a
5 consumer file. The amount of the fee may not exceed \$10.00.

6 (2) A credit reporting agency may impose a reasonable fee on a
7 consumer to temporarily lift a security freeze on a consumer file.
8 The amount of the fee may not exceed \$8.00 per request.

9 (3) A credit reporting agency may not charge a consumer a fee
10 for revoking a security freeze.

11 Sec. 15. A consumer damaged by an intentional or negligent
12 violation of this act may bring an action for and is entitled to
13 recover his or her actual damages, plus reasonable attorney fees
14 and court costs.