



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB4038

Introduced 2/28/2005, by Rep. David R. Leitch

SYNOPSIS AS INTRODUCED:

New Act

Creates the Consumer Credit Report Security Freeze Act. Provides that a consumer may elect to place a security freeze on his or her credit report through sending a written request, by certified mail, to a consumer credit reporting agency. Provides that a consumer credit reporting agency shall place a security freeze on a consumer's credit report, no later than 5 business days after receiving a written request from the consumer and shall send a written confirmation of the security freeze to the consumer within 10 business days. Provides that a consumer credit reporting agency shall remove or temporarily lift a security freeze placed on a consumer's credit report if: (1) the consumer authorizes a release; or (2) the consumer's credit report was frozen due to a material misrepresentation of fact by the consumer. Provides that a consumer credit reporting agency shall notify a person who requests a consumer report or score that a security freeze is in effect. Imposes a reasonable fee on a consumer for placing a security freeze on his or her file. Exempts certain entities from receiving a consumer report with a security freeze or placing a security freeze in a consumer credit report.

LRB094 02447 RXD 32448 b

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Consumer Credit Report Security Freeze Act.

6 Section 5. Definitions. In this Act:

7 "Credit report" means any written, oral, or other
8 communication of any credit information by a credit reporting
9 agency, as defined in the Federal Fair Credit Reporting Act,
10 which operates or maintains a database of consumer credit
11 information bearing on a consumer's creditworthiness, credit
12 standing, or credit capacity.

13 "Credit reporting agency" means any entity or person who,
14 for monetary fees, dues, or on a cooperative nonprofit basis,
15 regularly engages in whole or in part in the practice of
16 assembling, or evaluating consumer credit information or other
17 information on consumers for the purpose of furnishing consumer
18 reports to third parties, and who uses any means or facility of
19 interstate commerce for the purpose of preparing or furnishing
20 consumer reports. For the purposes of this Section, "credit
21 reporting agency" does not mean a check acceptance service
22 which provides check approval and guarantees services to
23 merchants.

24 "Proper identification" means information generally deemed
25 sufficient to identify a person.

26 "Security freeze" means a notice placed on a consumer
27 credit file, at the request of the consumer and subject to
28 certain exceptions, which prohibits a consumer credit
29 reporting agency from releasing the consumer's credit report or
30 credit score without the express authorization of the consumer.

31 Section 10. Consumer credit report security freeze.

1 (a) A consumer may elect to place a security freeze on his
2 or her credit report through sending a written request, by
3 certified mail, to a consumer credit reporting agency.

4 (b) A consumer credit reporting agency shall place a
5 security freeze on a consumer's credit report, no later than 5
6 business days after receiving a written request from the
7 consumer.

8 (c) The consumer credit reporting agency shall send a
9 written confirmation of the security freeze to the consumer
10 within 10 business days and shall provide the consumer with a
11 unique personal identification number (PIN) or password to be
12 used by the consumer for purposes of authorizing access to his
13 or her credit report for a specific party or period of time.
14 Additionally, at this time, a consumer credit reporting agency
15 shall supply the consumer with the agency's written procedures
16 for placing, removing, and temporarily lifting security
17 freezes.

18 (d) A consumer credit reporting agency may issue a
19 replacement personal identification number (PIN) or password
20 following a written request by the consumer. A request for a
21 replacement personal identification number (PIN) or password
22 must comply with the requirements under subsection (a) of this
23 Section. The consumer credit reporting agency shall provide the
24 consumer with a new, unique personal identification number
25 (PIN) or password to be used by the consumer in place of the
26 number or password issued to the consumer under subsection (c)
27 of this Section. The consumer credit reporting agency must
28 comply with this request no later than 7 business days after
29 receiving the request from the consumer.

30 (e) If a security freeze is in place, a consumer credit
31 reporting agency shall not change any of the following official
32 information in a consumer credit report without sending a
33 written confirmation of the change to the consumer within 30
34 days of the change being posted to the consumer's file: (1)
35 name; (2) date of birth; (3) social security number; and (4)
36 address. Written confirmation is not required for technical

1 modifications of a consumer's official information, including
2 name and street abbreviations, complete spellings, or
3 transposition of numbers or letters. In the case of an address
4 change, the written confirmation shall be sent to both the new
5 address and to the former address.

6 (f) A security freeze shall remain in place until the
7 consumer requests that the security freeze be removed. A
8 consumer credit reporting agency shall remove a security freeze
9 within 3 business days of receiving a request for removal from
10 the consumer who provides: (1) proper identification; and (2)
11 the unique personal identification number (PIN) or password
12 provided by the consumer credit reporting agency pursuant to
13 subsection (c) of this Section.

14 Section 15. Temporary lift of security freeze.

15 (a) If the consumer wishes to authorize release of credit
16 information for a specific party or period of time while the
17 freeze is in effect, he or she may do so by contacting the
18 consumer credit agency, requesting that the freeze be
19 temporarily lifted, and providing the following information:

20 (1) proper identification;

21 (2) the unique personal identification number (PIN) or
22 password provided by the consumer credit reporting agency;
23 and

24 (3) the proper information regarding the third party
25 recipient of the report or the time period for which the
26 report shall remain available.

27 (b) A consumer credit reporting agency that receives a
28 request from a consumer to temporarily lift a freeze on a
29 credit report pursuant to subsection (a) of this Section shall
30 comply with the request no later than 3 business days after
31 receiving the request.

32 (c) A consumer credit reporting agency may develop
33 procedures involving the use of telephone, fax, the Internet,
34 or other electronic media to receive and process a request from
35 a consumer to temporarily lift a freeze on a credit report in

1 an expedited manner.

2 (d) A consumer credit reporting agency shall remove or
3 temporarily lift a freeze placed on a consumer's credit report
4 only in the following cases:

5 (1) Upon consumer request pursuant to subsection (a) of
6 this Section; or

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

14 Section 20. Third party requests.

15 (a) A consumer credit reporting agency shall notify a
16 person who requests a consumer report or score that a security
17 freeze is in effect.

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

24 Section 25. Security freeze fee.

25 (a) A consumer credit reporting agency may impose a
26 reasonable fee on a consumer for placing a security freeze on
27 his or her file. This fee may not exceed \$10 for each initial
28 freeze, removal of the freeze, or temporary lift of the freeze
29 for a specified period of time or for a specific party.

30 (b) A consumer credit reporting agency may not charge a fee
31 to:

32 (1) A victim of identity theft who submits a valid
33 police or investigative report; or

34 (2) A consumer who is 62 years of age or older.

1 Section 30. Exemptions.

2 (a) A security freeze does not apply to a consumer report
3 provided to:

4 (1) Any governmental entity: federal, State, or local
5 law enforcement, courts, or their agents or assigns.

6 (2) Any child support enforcement agency.

7 (3) Any person or entity for the purpose of providing a
8 consumer with a copy of his or her credit report upon the
9 consumer's request.

10 (4) Any person or entity administering a credit file
11 monitoring service to which the consumer subscribes.

12 (5) The use of credit information for the purposes of
13 prescreening as provided under the Federal Fair Credit
14 Reporting Act.

15 (6) A private collection agency for the sole purpose of
16 assisting in the collection of an existing debt of the
17 consumer who is the subject of the credit report requested.

18 (7) A subsidiary, affiliate, agent, assignee, or
19 prospective assignee of a person to whom access has been
20 granted under subsection (e) of Section 10 for the purposes
21 of facilitating the extension of credit.

22 (8) A person or entity, or a subsidiary, affiliate, or
23 agent of that person or entity, or an assignee of a
24 financial obligation owing by the consumer to that person
25 or entity in conjunction with the proposed purchase of the
26 financial obligation, with which the consumer has or had
27 prior to assignment of an account or contract, including a
28 demand deposit account, or to whom the consumer issued a
29 negotiable instrument, for the purposes of reviewing the
30 account or collecting the financial obligation owing for
31 the account, contract, or negotiable instrument. For
32 purposes of this paragraph, "reviewing the account"
33 includes activities related to account maintenance,
34 monitoring, credit line increases, and account upgrades
35 and enhancements.

1 (b) The following entities are not required to place a
2 security freeze in a consumer credit report:

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

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