



Hundredth Legislature - First Session - 2007
Committee Statement
LB 190

Hearing Date: February 12, 2007

Committee On: Banking, Commerce and Insurance

Introducer(s): (Mines)

Title: Provide for consumers to put a security freeze on their credit reports

Roll Call Vote – Final Committee Action:

- Advanced to General File
 - X Advanced to General File with Amendments
 - Indefinitely Postponed
-

Vote Results:

7	Yes	Senators Pahls, Langemeier, Christensen, Gay, Hansen, Pankonin, Pirsch
	No	
	Present, not voting	
1	Absent	Senator Carlson

Proponents:

Senator Mick Mines
Jaimee Napp
Annette Harmon

Representing:

Introducer
Identity Theft Action Council of NE
Self

Opponents:

Murray Johnston
Jim Otto

Representing:

Experian
NE Retail Federation

Neutral:

Loy Todd
Robert J. Hallstrom

Representing:

NE Car & Truck Dealer Association
NE Bankers Association

Summary of purpose and/or changes:

LB 190 (Mines) would enact 12 new sections to provide legal requirements and restrictions on credit reporting agencies regarding requests by consumers to place, temporarily lift, and remove security freezes on their credit reports in the records of credit reporting agencies.

The bill would provide, section by section, as follows:

Section 1 would enact a new section to provide definitions for: (1) “security freeze”: a notice placed in a consumer’s credit report in the records of a consumer reporting agency that prohibits the consumer reporting agency from releasing the credit report, or any information in it, in connection with the extension of credit or the opening of a new account, without the express authorization of the consumer; and (2) “victim of identity theft”: a consumer who has a copy of an official police report evidencing that the consumer has alleged to be a victim of identity theft.

Section 2 would enact a new section to provide that: (1) a consumer may place a security freeze on his or her credit report in the records of a consumer reporting agency by making a request to the consumer reporting agency by certified mail, telephone, or a secure e-mail connection; (2) a consumer reporting agency shall make a secure e-mail connection available for requesting a security freeze within 180 days after the effective date of the bill; and (3) if a security freeze is in place, the consumer reporting agency shall not release the credit report or other information in the credit report to a third party without the prior authorization of the consumer.

Section 3 would enact a new section to provide that: (1) a consumer reporting agency shall place a security freeze on a credit report no later than three business days after receiving a request by mail, telephone, or e-mail, and, beginning one year after the effective date of the bill, a consumer reporting agency shall place a security freeze on a credit report no later than one business day after receiving a request by mail or telephone; and (2) a consumer reporting agency shall have, until July 1, 2008, 10 business days and, beginning July 1, 2008, five business days after receiving a request to send a written confirmation of the security freeze to the consumer and provide the consumer with a unique personal identification number or password to be used by the consumer when providing authorization for release of the consumer’s credit report to a specific party or for a specific period of time.

Section 4 would enact a new section to provide that (1) when a consumer requests a security freeze, the consumer reporting agency shall disclose the process of placing and temporarily lifting the security freeze; (2) the consumer may contact the consumer reporting agency and request that the freeze be temporarily lifted by providing proper identification, the unique personal identification number or password, and the proper information regarding the third party; and (3) a consumer reporting agency that receives a request from a consumer to temporarily lift a security freeze shall comply no later than three days after receiving the request.

Section 5 would enact a new section to provide that a security freeze shall remain in place until the consumer requests that it be removed.

Section 6 would enact a new section to provide that a consumer reporting agency shall have, until one year after the effective date of the bill, three business days and, beginning one year after the effective date of the bill, one business day to remove a security freeze after receiving a request for removal from the consumer who provides proper identification and the unique personal identification number or password.

Section 7 would enact a new section to provide that (1) a consumer reporting agency may charge a fee of \$5.00 for placing, temporarily lifting, or removing a security freeze unless the consumer is a victim of identity theft and the consumer provides the consumer reporting agency

with a police report or a police case number; and (2) a consumer reporting agency shall reissue the same or a new personal identification number one time without charge and may charge no more than \$5.00 for subsequent instances.

Section 8 would enact a new section to provide that if a security freeze is in place the consumer reporting agency may not change a name, date of birth, social security number, and address without sending a written confirmation of the change to the consumer within 30 days of the change.

Section 9 would enact a new section to provide that: (1) a consumer reporting agency may not suggest that a security freeze reflects a negative credit score, history, or rating; and (2) if a third party requests access to credit report and the consumer has placed a security freeze on it and does not allow it to be lifted, the third party may treat the application as incomplete.

Section 10 would enact a new section to provide that the act does not prohibit a consumer reporting agency from furnishing to a governmental agency a consumer's name, address, former address, place of employment, or former place of employment.

Section 11 would enact a new section to provide that the act does not apply to the use of a credit report by certain entities as set forth in the section.

Section 12 would enact a new section to provide that certain entities, as set forth in the section, are not consumer reporting agencies and are not required to place a security freeze on a credit report.

Explanation of amendments, if any:

The committee amendments (AM694) would become the bill. They would make the following changes:

- The committee amendments insert language to give the bill a name: the Credit Report Protection Act. (Section 1 of the committee amendments.)
- The committee amendments insert language for two additional defined terms: “consumer reporting agency” and “file”. (Section 2 of the committee amendments.)
- The committee amendments insert language to allow a minor at the request of a parent or custodial parent or guardian if appointed to elect to place a security freeze on his or her file. (Section 3 of the committee amendments.)
- The committee amendments insert language to specify that a consumer may request a security freeze only by certified mail and the committee amendments delete language that allows requests by telephone or e-mail. (Sections 3 and 5 of the committee amendments.)
- The committee amendments retain language that requires a consumer reporting agency to place a security freeze on a file no later than three business days after receiving a request, but the committee amendments delete language that, one year after the effective date of the bill,

requires a consumer reporting agency to place a security freeze on a credit report no later than one business day after receiving a request by mail or telephone. (Section 5 of the committee amendments.)

- The committee amendments retain language that provides for temporarily lifting a security freeze for a specified period of time, but the committee amendments delete language that allows access to information in a credit report by a specific party. (Section 6 of the committee amendments.)

- The committee amendments delete language that allows use of fax machines to receive and process a request to temporarily lift a security freeze. (Section 6 of the committee amendments.)

- The committee amendments insert language that specifies that by January 1, 2009, a consumer reporting agency shall comply with a request to temporarily lift a security freeze within fifteen minutes after receiving the request by telephone or through a secure electronic method. (Section 6 of the committee amendments.)

- The committee amendments insert language that specifies extenuating circumstances under which a consumer reporting agency would not be required to temporarily lift a security freeze within the time required by this section. (Section 6 of the committee amendments.)

- The committee amendments retain language that requires a consumer reporting agency to remove a security freeze within three business days after receiving a request for removal, but the committee amendments delete language which, beginning one year after the effective date of the bill, requires a consumer reporting agency to remove a security freeze within one business day after receiving a request for removal. (Section 8 of the committee amendments.)

- The committee amendments delete language that requires a police case number to document identity theft. (Section 9 of the committee amendments.)

- The committee amendments insert a new section that provides that the Attorney General shall enforce the act, including seeking civil penalties of not more than \$2,000 per violation and actual damages for each consumer injured by a violation. (Section 15 of the committee amendments.)

Senator Rich Pahls, Chairperson