

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 607
Committee Substitute Favorable 4/29/15

Short Title: Allow Protected Consumer Security Freezes.

(Public)

Sponsors:

Referred to:

April 13, 2015

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE THE PLACEMENT OF A PROTECTED CONSUMER
3 SECURITY FREEZE ON A PROTECTED CONSUMER'S CREDIT REPORT.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 75-61 reads as rewritten:

6 "**§ 75-61. Definitions.**

7 The following definitions apply in this Article:

8 ...

9 (11a) "Protected consumer". – An individual (i) who is under the age of 16 at the
10 time a request for the placement of a security freeze is made pursuant to
11 G.S. 75-63.1 or (ii) who is incapacitated or for whom a guardian or guardian
12 ad litem has been appointed.

13 (11b) "Protected consumer security freeze". – A security freeze placed on a
14 protected consumer's credit report or on a protected consumer's file pursuant
15 to G.S. 75-63.1.

16 (11c) "Protected consumer's file". – A record that (i) identifies a protected
17 consumer; (ii) is created by a consumer reporting agency solely for the
18 purpose of complying with the requirements of G.S. 75-63.1; and (iii) may
19 not be created or used to consider the protected consumer's credit
20 worthiness, credit standing, credit capacity, character, general reputation,
21 personal characteristics, or mode of living.

22 ...

23 (13a) "Representative". – A person who provides to a consumer reporting agency
24 sufficient proof of authority to act on behalf of a protected consumer.

25 ...

26 (16) "Sufficient proof of authority". – Either of the following:

27 a. A certified or official copy of the protected consumer's birth
28 certificate, if the representative is a parent of the protected consumer.

29 b. Documentation that shows that a representative has authority to act
30 on behalf of a protected consumer, including:

31 1. An order issued by a court of law.

32 2. A valid power of attorney.

33 3. A written, notarized statement signed by the person that
34 expressly describes the authority of the representative to act
35 on behalf of a protected consumer.



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- 1 (17) "Sufficient proof of identification". – Information or documentation that
2 identifies a protected consumer or representative, including:
3 a. A Social Security number or a copy of a Social Security card issued
4 by the Social Security Administration.
5 b. A certified or official copy of a birth certificate issued by the entity
6 authorized to issue the birth certificate.
7 c. A copy of a drivers license, an identification card issued by the
8 Division of Motor Vehicles, or any other government-issued
9 identification.
10 d. A copy of a bill, including a bill for telephone, sewer, septic tank,
11 water, electric, oil, or natural gas services, that shows a name and
12 home address."

13 **SECTION 2.** Article 2A of Chapter 75 of the General Statutes is amended by
14 adding a new section to read:

15 **"§ 75-63.1. Security freeze for protected consumers.**

16 (a) Obligation to Place Security Freeze. – A consumer reporting agency shall place a
17 protected consumer security freeze on the protected consumer's credit report or on the protected
18 consumer's file in accordance with subsection (b) of this section within 30 days of all of the
19 following conditions being satisfied:

- 20 (1) The consumer reporting agency receives a request under this section from
21 the protected consumer's representative for the placement of the protected
22 consumer security freeze by any of the following methods:
23 a. First-class mail.
24 b. Telephone call.
25 c. Secure Web site or secure electronic mail connection.
26 (2) The protected consumer's representative does all of the following:
27 a. Submits the request to the consumer reporting agency at the address
28 or other point of contact and in the manner specified by the consumer
29 reporting agency.
30 b. Provides to the consumer reporting agency sufficient proof of
31 identification for both the protected consumer and the representative.
32 c. Provides to the consumer reporting agency sufficient proof of
33 authority to act on behalf of the protected consumer.
34 d. Pays to the consumer reporting agency a fee as provided in
35 subsection (d) of this section.

36 (b) Action Required. – If the placement of a protected consumer security freeze is
37 required under subsection (a) of this section, a consumer reporting agency shall do one of the
38 following, as applicable:

- 39 (1) If no consumer report exists. – If the consumer reporting agency does not
40 have a consumer report pertaining to the protected consumer, the consumer
41 reporting agency shall create a protected consumer's file and place a
42 restriction in the protected consumer's file that prohibits the release of the
43 protected consumer's file, any consumer report subsequently created for the
44 consumer, and any information contained in either document except as
45 provided in this section.
46 (2) If a consumer report exists. – If the consumer reporting agency has a
47 consumer report pertaining to the protected consumer, the consumer
48 reporting agency shall place a restriction on the report that prohibits the
49 release of the consumer report and any information contained in the report
50 except as provided in this section.

1 (c) Duration of Freeze. – A protected consumer security freeze shall remain in effect
2 until one of the following occurs, in which case the protected consumer security freeze shall be
3 removed within 30 days:

4 (1) The protected consumer or the protected consumer's representative requests
5 the consumer reporting agency to remove the protected consumer security
6 freeze by doing all of the following:

7 a. Submitting a request for the removal of the protected consumer
8 security freeze to the consumer reporting agency at the address or
9 other point of contact and in the manner specified by the consumer
10 reporting agency.

11 b. If the request is being made by the protected consumer, providing to
12 the consumer reporting agency (i) proof that the sufficient proof of
13 authority for the protected consumer's representative is no longer
14 valid and (ii) sufficient proof of identification for the protected
15 consumer.

16 c. If the request is being made by the representative of a protected
17 consumer, providing to the consumer reporting agency (i) sufficient
18 proof of identification of the protected consumer and the
19 representative and (ii) sufficient proof of authority to act on behalf of
20 the protected consumer.

21 d. Providing to the consumer reporting agency a fee as provided in
22 subsection (d) of this section.

23 (2) The consumer reporting agency determines that the protected consumer
24 security freeze was placed based on a material misrepresentation of fact by
25 the protected consumer or the protected consumer's representative.

26 (d) Fees. – A consumer reporting agency may charge a reasonable fee for each
27 placement or removal of a protected consumer security freeze in accordance with the following:

28 (1) Fee allowed in certain cases. – Except as provided in subdivision (2) of this
29 subsection, a consumer reporting agency may charge a fee to a consumer not
30 to exceed five dollars (\$5.00) for placement or removal of a protected
31 consumer security freeze.

32 (2) No fee allowed in certain cases. – A fee may not be charged for the
33 placement or removal of a protected consumer security freeze under this
34 section if any of the following conditions are satisfied:

35 a. The protected consumer's representative has obtained a report of
36 alleged identity theft or identity fraud against the protected consumer
37 and provides a copy of the report to the consumer reporting agency.

38 b. A request for placement or removal of a protected consumer security
39 freeze is for a protected consumer who is under the age of 16 at the
40 time of the request and the consumer reporting agency has a
41 consumer report pertaining to the protected consumer.

42 c. The protected consumer is over the age of 62.

43 (3) No other fees allowed. – No fee other than those authorized under this
44 subsection may be charged for placement or removal of a protected
45 consumer security freeze.

46 (e) Exceptions. – Notwithstanding subsection (b) of this section, the placement of a
47 protected consumer security freeze shall not prohibit the release of a protected consumer's
48 consumer report, protected consumer's file, or any information contained in these documents to
49 any of the following:

50 (1) The protected consumer when the protected consumer has subscribed to a
51 credit reporting service, as that term is defined in G.S. 75-134.

- 1 (2) A representative of the protected consumer when the representative has
2 subscribed on behalf of the consumer to a credit reporting service, as that
3 term is defined in G.S. 75-134.
- 4 (3) A person providing the protected consumer or the protected consumer's
5 representative with a copy of the protected consumer's consumer report or
6 protected consumer's file at the request of the protected consumer or the
7 protected consumer's representative.
- 8 (4) A person, or the person's subsidiary, affiliate, agent, subcontractor, or
9 assignee with whom the protected consumer has, or prior to assignment had,
10 an account, contract, or debtor-creditor relationship for the purposes of
11 reviewing the active account or collecting the financial obligation owing for
12 the account, contract, or debt.
- 13 (5) Any person acting pursuant to a court order, warrant, or subpoena.
- 14 (6) A state or local agency, or its agents or assigns, which administers a program
15 for establishing and enforcing child support obligations.
- 16 (7) A state or local agency, or its agents or assigns, acting to investigate fraud,
17 including Medicaid fraud, or acting to investigate or collect delinquent taxes
18 or assessments, including interest and penalties, unpaid court orders, or to
19 fulfill any of its other statutory responsibilities.
- 20 (8) A federal, state, or local governmental entity, including law enforcement
21 agency, court, or their agent or assigns.
- 22 (9) A person for the purposes of prescreening as defined by the Fair Credit
23 Reporting Act, 15 U.S.C. § 1681, et seq.
- 24 (10) Any depository financial institution for checking, savings, and investment
25 accounts.
- 26 (11) Any property and casualty insurance company for use in setting or adjusting
27 a rate, adjusting a claim, or underwriting for property and casualty insurance
28 purposes.
- 29 (12) A person for the purpose of furnishing or using credit reports for
30 employment purposes pursuant to 15 U.S.C. § 1681b(b) or tenant screening
31 pursuant to 15 U.S.C. § 1681b(a)(3)(F).
- 32 (13) A person for the purpose of criminal background record information.
- 33 (f) Violation. – A violation of this section is a violation of G.S. 75-1.1."

34 **SECTION 3.** G.S. 130A-101 is amended by adding a new subsection to read:

35 "(h) When a birth occurs, the person responsible for preparing the birth certificate under
36 this section shall provide the mother with information about how to request a protected
37 consumer security freeze for the child under G.S. 75-63.1 and the potential benefits of doing
38 so."

39 **SECTION 4.** This act becomes effective January 1, 2016.
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