AN ACT

AMENDING TITLE 44, CHAPTER 11, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 44-1698; RELATING TO CONSUMER REPORTING AGENCIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 44, chapter 11, article 6, Arizona Revised Statutes, is amended by adding section 44-1698, to read:

44-1698. Consumer reports; security freeze; definitions

A. A consumer may request in writing that a consumer reporting agency place a security freeze on the consumer’s consumer report. The request shall be sent by certified mail. If a security freeze is in place, a consumer reporting agency may not release information from a consumer’s consumer report to a third party without the consumer’s prior express authorization. This subsection does not prevent a consumer reporting agency from advising a third party that a security freeze is in effect with respect to the consumer’s consumer report.

B. A consumer reporting agency shall place a security freeze on a consumer’s consumer report no later than ten business days after receiving a written request from the consumer.

C. The consumer reporting agency shall send a written confirmation of the security freeze to the consumer within ten business days and shall provide the consumer with a unique personal identification number or password, other than the consumer’s social security number, that the consumer may use to provide authorization for the release of the consumer’s consumer report for a specific period of time.

D. To allow a consumer report to be accessed for a specific period of time, the consumer shall contact the consumer reporting agency, shall request that the freeze be temporarily lifted and shall provide the following information:

1. Proper identification.
2. The unique personal identification number or password that the consumer reporting agency provided to the consumer.
3. The proper information regarding the time period for which the report shall be available to users of the consumer report.

E. A consumer reporting agency that receives a request from a consumer to temporarily lift a freeze on a consumer report pursuant to subsection D shall comply with the request within three business days after receiving the request.

F. A consumer reporting agency may develop procedures involving the use of telephone, fax, internet or other electronic media to receive and process in an expedited manner a request from a consumer to temporarily lift a freeze on a consumer report pursuant to subsection D.

G. A consumer reporting agency shall remove or temporarily lift a freeze placed on a consumer’s consumer report only in the following cases:

1. On the consumer’s request pursuant to subsection D or I.
2. If the consumer’s consumer report was frozen due to a material misrepresentation of fact by the consumer. If a consumer reporting agency intends to remove a freeze on a consumer’s consumer report pursuant to this
PARAGRAPH, THE CONSUMER REPORTING AGENCY SHALL NOTIFY THE CONSUMER IN WRITING BEFORE REMOVING THE FREEZE ON THE CONSUMER’S CONSUMER REPORT.

H. IF A THIRD PARTY REQUESTS ACCESS TO A CONSUMER REPORT ON WHICH A SECURITY FREEZE IS IN EFFECT, THE REQUEST IS IN CONNECTION WITH AN APPLICATION FOR CREDIT OR ANY OTHER USE AND THE CONSUMER DOES NOT ALLOW THE CONSUMER’S CONSUMER REPORT TO BE ACCESSED FOR THAT SPECIFIC PERIOD OF TIME, THE THIRD PARTY MAY TREAT THE APPLICATION AS INCOMPLETE.

I. A SECURITY FREEZE REMAINS IN EFFECT UNTIL THE CONSUMER REQUESTS THAT THE SECURITY FREEZE BE REMOVED. A CONSUMER REPORTING AGENCY SHALL REMOVE A SECURITY FREEZE WITHIN THREE BUSINESS DAYS AFTER RECEIVING THE CONSUMER’S REQUEST FOR REMOVAL. ON REQUESTING REMOVAL, THE CONSUMER SHALL PROVIDE THE FOLLOWING INFORMATION:

1. PROPER IDENTIFICATION.
2. THE UNIQUE PERSONAL IDENTIFICATION NUMBER OR PASSWORD THAT THE CONSUMER REPORTING AGENCY PROVIDED TO THE CONSUMER.

J. A CONSUMER REPORTING AGENCY SHALL REQUIRE PROPER IDENTIFICATION OF ANY PERSON WHO MAKES A REQUEST TO PLACE OR REMOVE A SECURITY FREEZE.

K. A CONSUMER REPORTING AGENCY MAY CHARGE A FEE OF NOT MORE THAN FIVE DOLLARS FOR EACH FREEZE, REMOVAL OF THE FREEZE OR TEMPORARY LIFT OF THE FREEZE FOR A PERIOD OF TIME. THE FIVE DOLLAR FEE MAY BE INCREASED ANNUALLY BY AN AMOUNT NOT TO EXCEED THE RETAIL CONSUMER PRICE INDEX PUBLISHED BY THE UNITED STATES BUREAU OF LABOR STATISTICS IN THE PRECEDING YEAR.

L. IF A SECURITY FREEZE IS IN PLACE, A CONSUMER REPORTING AGENCY SHALL NOT CHANGE A CONSUMER’S NAME, DATE OF BIRTH, SOCIAL SECURITY NUMBER OR ADDRESS IN THE CONSUMER’S CONSUMER REPORT WITHOUT SENDING A WRITTEN CONFIRMATION OF THE CHANGE TO THE CONSUMER WITHIN THIRTY DAYS AFTER THE CHANGE IS POSTED TO THE CONSUMER’S FILE. WRITTEN CONFIRMATION IS NOT REQUIRED FOR TECHNICAL MODIFICATIONS OF A CONSUMER’S OFFICIAL INFORMATION, INCLUDING NAME AND STREET ABBREVIATIONS, COMPLETE SPELLINGS OR TRANPOSITION OF NUMBERS OR LETTERS. FOR THE PURPOSES OF ADDRESS CHANGES, THE CONSUMER REPORTING AGENCY SHALL SEND THE WRITTEN CONFIRMATION TO BOTH THE NEW ADDRESS AND THE FORMER ADDRESS.

M. THIS SECTION DOES NOT APPLY TO ANY OF THE FOLLOWING:

1. A CONSUMER REPORTING AGENCY THAT ACTS ONLY AS A RESELLER OF CREDIT INFORMATION BY ASSEMBLING AND MERGING INFORMATION CONTAINED IN THE DATABASE OF ANOTHER CONSUMER REPORTING AGENCY OR MULTIPLE CONSUMER REPORTING AGENCIES AND THAT DOES NOT MAINTAIN A PERMANENT DATABASE OF CREDIT INFORMATION FROM WHICH NEW CONSUMER REPORTS ARE PRODUCED.

2. A PERSON OR THE PERSON’S SUBSIDIARY, AFFILIATE, AGENT OR ASSIGNEE WITH WHOM THE CONSUMER HAS OR, PRIOR TO ASSIGNMENT, HAD AN ACCOUNT, CONTRACT OR DEBTOR CREDITOR RELATIONSHIP FOR THE PURPOSES OF REVIEWING THE ACCOUNT OR COLLECTING THE FINANCIAL OBLIGATION OWING FOR THE ACCOUNT, CONTRACT OR DEBT.

3. A SUBSIDIARY, AFFILIATE, AGENT, ASSIGNEE OR PROSPECTIVE ASSIGNEE OF A PERSON TO WHOM ACCESS HAS BEEN GRANTED UNDER THE TEMPORARY LIFT OF A FREEZE.
PURSUANT TO THIS SECTION FOR PURPOSES OF FACILITATING THE EXTENSION OF CREDIT OR OTHER PERMISSIBLE USE.

4. A PERSON ACTING PURSUANT TO A COURT ORDER, WARRANT OR SUBPOENA.

5. A STATE OR LOCAL AGENCY THAT ADMINISTERS A PROGRAM FOR ESTABLISHING AND ENFORCING CHILD SUPPORT OBLIGATIONS.

6. THE DEPARTMENT OF HEALTH SERVICES OR ITS AGENTS OR ASSIGNS ACTING TO INVESTIGATE FRAUD.

7. THE DEPARTMENT OF REVENUE OR ITS AGENTS OR ASSIGNS ACTING TO INVESTIGATE OR COLLECT DELINQUENT TAXES OR UNPAID COURT ORDERS OR TO FULFILL ANY OF ITS OTHER STATUTORY RESPONSIBILITIES.


9. A PERSON ADMINISTERING A CREDIT FILE MONITORING SUBSCRIPTION SERVICE TO WHICH THE CONSUMER HAS SUBSCRIBED.

10. A PERSON PROVIDING A CONSUMER WITH A COPY OF THE CONSUMER'S CREDIT REPORT ON THE CONSUMER'S REQUEST.

11. A PERSON SETTING OR ADJUSTING A RATE OR CLAIM OR UNDERWRITING FOR INSURANCE PURPOSES.

12. THE FOLLOWING ENTITIES ARE NOT REQUIRED TO PLACE A SECURITY FREEZE IN A CONSUMER REPORT:

1. A CHECK SERVICES OR FRAUD PREVENTION SERVICES COMPANY THAT ISSUES REPORTS ON INCIDENTS OF FRAUD OR AUTHORIZATIONS FOR THE PURPOSE OF APPROVING OR PROCESSING NEGOTIABLE INSTRUMENTS, ELECTRONIC FUNDS TRANSFERS OR SIMILAR METHODS OF PAYMENTS.

2. A DEPOSIT ACCOUNT INFORMATION SERVICE COMPANY THAT ISSUES REPORTS REGARDING ACCOUNT CLOSURES DUE TO FRAUD, SUBSTANTIAL OVERDRAFTS, AUTOMATIC TELLER MACHINE ABUSE OR SIMILAR NEGATIVE INFORMATION REGARDING A CONSUMER TO INQUIRING BANKS OR OTHER FINANCIAL INSTITUTIONS FOR USE ONLY IN REVIEWING A CONSUMER REQUEST FOR A DEPOSIT ACCOUNT AT THE INQUIRING BANK OR FINANCIAL INSTITUTION.

FOR THE PURPOSES OF THIS SECTION:

1. "PROPER IDENTIFICATION" MEANS INFORMATION THAT IS GENERALLY DEEMED TO BE SUFFICIENT TO IDENTIFY A PERSON.

2. "SECURITY FREEZE" MEANS A NOTICE THAT IS PLACED IN A CONSUMER'S CONSUMER REPORT, AT THE REQUEST OF THE CONSUMER, AND THAT PROHIBITS THE CONSUMER REPORTING AGENCY FROM RELEASING THE CONSUMER'S CONSUMER REPORT OR ANY INFORMATION DERIVED FROM IT WITHOUT THE EXPRESS AUTHORIZATION OF THE CONSUMER.