

State of Arizona
Senate
Fifty-third Legislature
Second Regular Session
2018

CHAPTER 125
SENATE BILL 1163

AN ACT

AMENDING SECTIONS 44-1698 AND 44-1698.02, ARIZONA REVISED STATUTES;
RELATING TO CREDIT SECURITY FREEZES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 44-1698, Arizona Revised Statutes, is amended to
3 read:

4 44-1698. Security freeze on credit reports and credit scores:
5 fees prohibited; definitions

6 A. A consumer may request in writing or in a form acceptable to the
7 consumer reporting agency that a consumer reporting agency place a
8 security freeze on the consumer's credit report. If a security freeze is
9 in place, a consumer reporting agency shall not release a consumer's
10 credit report or consumer's credit score to a third party without the
11 consumer's prior express authorization. This subsection does not prevent
12 a consumer reporting agency from advising a specific party that a security
13 freeze is in effect with respect to the consumer's credit report.

14 B. A consumer reporting agency shall place a security freeze on a
15 consumer's credit report not later than ten business days after receiving
16 a written request from the consumer.

17 C. The consumer reporting agency shall send a written confirmation
18 of the security freeze to the consumer within ten business days after
19 placing the security freeze on the consumer's credit report and shall
20 provide the consumer with a unique personal identification number or
21 password, other than the consumer's social security number, that the
22 consumer may use to provide authorization for the release of the
23 consumer's credit report for a specific period of time and to remove the
24 security freeze.

25 D. A security freeze remains in effect until the consumer requests
26 that the security freeze be removed or temporarily lifted as provided in
27 this section. A consumer may request that a security freeze be removed or
28 temporarily lifted by mail, telephone, internet or other electronic
29 contact method in a form acceptable to the consumer reporting agency. A
30 consumer reporting agency shall require proper identification of any
31 person who makes a request to place or remove a security freeze.

32 E. On requesting removal, the consumer shall provide the following
33 information:

34 1. Proper identification.

35 2. The unique personal identification number or password that the
36 consumer reporting agency provided to the consumer.

37 F. On requesting a temporary lift to allow a credit report to be
38 accessed for a specific period of time, the consumer shall contact the
39 consumer reporting agency and shall request that the security freeze be
40 temporarily lifted and shall provide the following information:

41 1. Proper identification.

42 2. The unique personal identification number or password that the
43 consumer reporting agency provided to the consumer.

44 3. The proper information regarding the specific time period for
45 which the credit report shall be available to users of the credit report.

1 G. A consumer reporting agency shall remove or temporarily lift a
2 security freeze from a consumer's credit report within:

3 1. Three business days after receiving the consumer's request for
4 the removal or temporary lift by mail.

5 2. Fifteen minutes after receiving the consumer's request through
6 the use of telephone, internet or other electronic contact method in a
7 form acceptable to the consumer reporting agency, during normal business
8 hours. The consumer reporting agency is not required to remove or
9 temporarily lift the security freeze within the fifteen minute time limit
10 if the agency's ability is prevented by any of the following:

11 (a) An act of God, including fire, earthquakes, hurricanes, storms
12 or similar natural disaster or phenomena.

13 (b) Unauthorized or illegal acts by a third party, including
14 terrorism, sabotage, riot, vandalism, labor strikes or disputes disrupting
15 operations or similar occurrence.

16 (c) Operational interruption, including electrical failure,
17 unanticipated delay in equipment or replacement part delivery, computer
18 hardware or software failures inhibiting response time or similar
19 disruption.

20 (d) Governmental action, including emergency orders or regulations,
21 judicial or law enforcement action or similar directives.

22 (e) Regularly scheduled maintenance, during other than normal
23 business hours of, or updates to, the consumer reporting agency's systems.

24 (f) Commercially reasonable maintenance of, or repair to, the
25 consumer reporting agency's systems that is unexpected or unscheduled.

26 (g) Receipt of a removal or temporary lift request outside of
27 normal business hours.

28 H. A consumer reporting agency shall remove or temporarily lift a
29 security freeze placed on a consumer's credit report only in the following
30 cases:

31 1. If the consumer requests removal pursuant to subsection E **OF**
32 **THIS SECTION** or a temporary lift pursuant to subsection F **OF THIS SECTION**.

33 2. If the consumer's credit report was frozen as a result of a
34 material misrepresentation of fact. If a consumer reporting agency
35 intends to remove a security freeze on a consumer's credit report pursuant
36 to this paragraph, the consumer reporting agency shall notify by mail,
37 telephone, internet or other electronic contact method the consumer before
38 removing the security freeze on the consumer's credit report.

39 I. When a consumer requests a security freeze, the consumer
40 reporting agency shall disclose the process for placing and for removing
41 or temporarily lifting a freeze and the process for allowing access to
42 information from the consumer's credit report for a specific period of
43 time while the security freeze is in place.

44 J. If a third party requests access to a credit report on which a
45 security freeze is in effect, the request is in connection with an

1 application for credit or any other use and the consumer does not allow
2 the consumer's credit report to be accessed for a specific period of time,
3 the third party may treat the application as incomplete.

4 K. A consumer reporting agency may NOT charge a ~~five dollar~~ fee for
5 ~~each~~ A security freeze, removal of the freeze or temporary lift of the
6 freeze for a period of time on the consumer's credit report. ~~A consumer~~
7 ~~reporting agency shall not charge a fee to a victim of identity theft who~~
8 ~~submits a valid police report that alleges a violation of section 13-2008,~~
9 ~~13-2009 or 13-2010.~~

10 L. A consumer reporting agency may NOT charge a ~~five dollar~~ fee if
11 the consumer fails to retain the original unique personal identification
12 number or password provided by the consumer reporting agency and the
13 consumer reporting agency must reissue the unique personal identification
14 number or password or provide a new unique personal identification number
15 or password to the consumer.

16 M. If a security freeze is in place, a consumer reporting agency
17 shall not change a consumer's name, date of birth, social security number
18 or address in the consumer's credit report without sending a written
19 confirmation of the change to the consumer within thirty days after the
20 change is posted to the consumer's file. Written confirmation is not
21 required for technical modifications of a consumer's official information,
22 including name and street abbreviations, complete spellings or
23 transposition of numbers or letters. For the purposes of address changes,
24 the consumer reporting agency shall send the written confirmation to both
25 the new address and the former address.

26 N. This section does not apply to the use of a credit report or
27 credit score by any of the following:

28 1. A person, a subsidiary, affiliate, agent or subcontractor of
29 that person, an assignee of a financial obligation owed by the consumer to
30 that person or a prospective assignee of a financial obligation owed by
31 the consumer to that person in conjunction with the proposed purchase of
32 the financial obligation with which the consumer has or had before
33 assignment an account or contract, including a demand deposit account, or
34 to whom the consumer issued a negotiable instrument, for the purposes of
35 reviewing the account or collecting the financial obligation owed for the
36 account, contract or negotiable instrument. For the purposes of this
37 paragraph, "reviewing the account" includes activities that are related to
38 account maintenance, monitoring, credit line increases and account
39 upgrades and enhancements.

40 2. A subsidiary, affiliate, agent, assignee or prospective assignee
41 of a person to whom access has been granted under this section for the
42 purpose of facilitating the extension of credit or other permissible use.

43 3. Any state or local agency, law enforcement agency, trial court
44 or private collection agency acting pursuant to a court order, warrant or
45 subpoena.

- 1 4. A child support agency acting pursuant to title 25, chapter 3,
2 article 2 or title IV-D of the social security act.
- 3 5. The department of health services or its agents or assigns
4 acting to investigate fraud.
- 5 6. The department of revenue or its agents or assigns acting to
6 investigate or collect delinquent taxes or unpaid court orders or to
7 fulfill any of its other statutory responsibilities.
- 8 7. The department of transportation or its agents or assigns acting
9 to investigate or collect delinquent taxes or unpaid court orders or to
10 fulfill any of its other statutory responsibilities.
- 11 8. The administrative office of the courts to conduct audits or
12 investigate fraud or for applicant screening.
- 13 9. Any agency or entity for the purposes of prescreening or
14 postscreening as provided for by the federal fair credit reporting act
15 (15 United States Code section 1681b).
- 16 10. Any person or entity that administers a credit file monitoring
17 subscription service to which the consumer has subscribed.
- 18 11. Any person or entity for the purpose of providing a consumer
19 with a copy of the consumer's credit report or consumer's credit score on
20 the consumer's request.
- 21 12. Except as otherwise provided by law, a person setting or
22 adjusting a rate or claim or underwriting for insurance purposes.
- 23 13. Any person who uses a consumer reporting agency's database or
24 file that consists entirely of information concerning, and is used solely
25 for, one or more of the following:
 - 26 (a) Criminal record information.
 - 27 (b) Fraud prevention or detection.
 - 28 (c) Tenant screening.
 - 29 (d) Employment screening.
- 30 14. Any state or federally regulated bank or financial institution
31 for checking, savings and investment accounts.
- 32 0. The following entities are not required to place a security
33 freeze on a credit report:
 - 34 1. A check services or fraud prevention services company that
35 issues reports on incidents of fraud or authorizations for the purpose of
36 approving or processing negotiable instruments, electronic funds transfers
37 or similar methods of payments.
 - 38 2. A deposit account information service company that issues
39 reports regarding account closures due to fraud, substantial overdrafts,
40 automated teller machine abuse or similar negative information regarding a
41 consumer to inquiring banks or financial institutions for use only in
42 reviewing a consumer request for a deposit account at the inquiring bank
43 or financial institution.
 - 44 3. A consumer reporting agency that acts only as a reseller of
45 credit information by assembling and merging information contained in the

1 database of another consumer reporting agency or multiple consumer
2 reporting agencies and that does not maintain a permanent database of
3 credit information from which new credit reports or credit scores are
4 produced.

5 P. An act or practice in violation of this section is an unlawful
6 practice under section 44-1522 and is subject to enforcement through a
7 private action and by the attorney general. Injunctive relief may be
8 sought to prevent future violations of this section. The remedies
9 provided in this section are not intended to be the exclusive remedies
10 available to a consumer. This subsection does not apply to subsection G,
11 paragraph 2 of this section.

12 Q. For the purposes of this section:

13 1. "Proper identification" means information that is generally
14 deemed to be sufficient to identify a person under the circumstances.

15 2. "Security freeze" means a notice that is placed in a consumer's
16 credit report at the request of the consumer and that prohibits the
17 consumer reporting agency from releasing the consumer's credit report
18 without the express authorization of the consumer.

19 Sec. 2. Section 44-1698.02, Arizona Revised Statutes, is amended to
20 read:

21 44-1698.02. Security freezes; credit reports; protected
22 person; fee prohibited; definitions

23 A. A consumer reporting agency shall place a security freeze on a
24 protected person's record or credit report if both of the following apply:

25 1. The consumer reporting agency receives a request from the
26 protected person's representative for the placement of the security
27 freeze.

28 2. The protected person's representative does all of the following:

29 (a) Submits the request to the consumer reporting agency at the
30 address or other point of contact and in the manner specified by the
31 consumer reporting agency.

32 (b) Provides to the consumer reporting agency sufficient proof of
33 identification of the protected person and the representative.

34 (c) Provides to the consumer reporting agency sufficient proof of
35 authority to act on behalf of the protected person.

36 ~~(d) Pays to the consumer reporting agency a fee as prescribed in~~
37 ~~subsection H of this section.~~

38 B. If a consumer reporting agency does not have a file pertaining
39 to a protected person when the consumer reporting agency receives a
40 request pursuant to subsection A, paragraph 1 of this section, the
41 consumer reporting agency shall create a record for the protected person.

42 C. Within thirty days after receiving a request pursuant to this
43 section, a consumer reporting agency shall place a security freeze on the
44 protected person's record or credit report.

1 D. Unless a security freeze is removed pursuant to subsection F or
2 ~~†~~ I of this section, a consumer reporting agency may not release the
3 protected person's credit report, any information derived from the
4 protected person's credit report or any record created for the protected
5 person.

6 E. A security freeze that is placed on a protected person's record
7 or credit report ~~placed~~ under this section remains in effect until either:

8 1. The protected person or the protected person's representative
9 requests that the consumer reporting agency remove the security freeze
10 pursuant to subsection F of this section.

11 2. The security freeze is removed pursuant to subsection ~~†~~ I of
12 this section.

13 F. To remove a security freeze for a protected person, the
14 protected person or the protected person's representative shall submit a
15 request for the removal of the security freeze to the consumer reporting
16 agency at the address or other point of contact and in the manner
17 specified by the consumer reporting agency ~~and pay a fee as prescribed in~~
18 ~~subsection H of this section~~. In addition:

19 1. If the protected person requested the removal of the security
20 freeze, the protected person shall provide to the consumer reporting
21 agency either of the following:

22 (a) Proof that the protected person's representative no longer has
23 sufficient proof of authority to act on behalf of the protected person.

24 (b) Sufficient proof of identification of the protected person.

25 2. If the protected person's representative requested the removal
26 of the security freeze on behalf of the protected person, the protected
27 person's representative shall provide to the consumer reporting agency
28 both of the following:

29 (a) Sufficient proof of identification of the protected person and
30 the representative.

31 (b) Sufficient proof of authority to act on behalf of the protected
32 person.

33 G. Within thirty days after receiving a request to remove a
34 security freeze placed pursuant to subsection A of this section, the
35 consumer reporting agency shall remove the security freeze for the
36 protected person.

37 H. A consumer reporting agency may NOT charge a ~~five dollar~~ fee for
38 each placement or removal of a security freeze on a protected person's
39 record or credit report.

40 ~~I. Notwithstanding subsection H of this section, a consumer~~
41 ~~reporting agency may not charge any fee under this section if either of~~
42 ~~the following applies:~~

43 ~~1. The protected person's representative provides a copy of a~~
44 ~~police report to the consumer reporting agency alleging that the protected~~

1 ~~person has been a victim of an offense involving a violation of section~~
2 ~~13-2008 or 13-2009.~~

3 ~~2. A request for the placement or removal of a security freeze is~~
4 ~~for a protected person who is under sixteen years of age at the time of~~
5 ~~the request and the consumer reporting agency has a credit report~~
6 ~~pertaining to the protected person.~~

7 ~~I.~~ I. A consumer reporting agency may remove a security freeze for
8 a protected person or may delete a protected person's record if the
9 security freeze was placed or the record was created based on a material
10 misrepresentation of fact by the protected person or the protected
11 person's representative.

12 ~~K.~~ J. An act or practice in violation of this section is an
13 unlawful practice under section 44-1522 and is subject to enforcement
14 through a private action and by the attorney general. The attorney
15 general may investigate and take appropriate action as prescribed by
16 chapter 10, article 7 of this title. The remedies provided in this
17 section are not intended to be the exclusive remedies available to a
18 protected person.

19 ~~L.~~ K. This section does not apply to the use of a protected
20 person's credit report or record by any of the following:

21 1. A person administering a credit file monitoring subscription
22 service to which either:

23 (a) The protected person has subscribed.

24 (b) The protected person's representative has subscribed on behalf
25 of the protected person.

26 2. A person providing the protected person or the protected
27 person's representative with a copy of the protected person's credit
28 report on the request of the protected person or the protected person's
29 representative.

30 3. A check services or fraud prevention services company that
31 issues either:

32 (a) Reports on incidents of fraud.

33 (b) Authorizations for the purpose of approving or processing
34 negotiable instruments, electronic funds transfers or similar payment
35 methods.

36 4. A deposit account information service company that issues
37 reports relating to account closures due to fraud, substantial overdrafts,
38 automated teller machine abuse or similar negative information about a
39 protected person to inquiring banks or other financial institutions for
40 use only in reviewing a protected ~~person~~ PERSON'S request for a deposit
41 account at the inquiring bank or financial institution.

42 5. An insurance company for the purpose of conducting its ordinary
43 business.

44 6. A consumer reporting agency that both:

1 (a) Acts only to resell credit information by assembling and
2 merging information contained in a database of another consumer reporting
3 agency.

4 (b) Does not maintain a permanent database of credit information
5 from which new credit reports are produced.

6 7. A consumer reporting agency's database or file that consists of
7 information concerning and used for one or more of the following, but not
8 for credit granting, purposes:

9 (a) Criminal record information.

10 (b) Fraud prevention or detection.

11 (c) Personal loss history information.

12 (d) Employment, tenant or individual background screening.

13 8. A governmental entity when carrying out its duties.

14 9. A person, a subsidiary, affiliate, agent or subcontractor of
15 that person, an assignee of a financial obligation owed by the protected
16 person to that person or a prospective assignee of a financial obligation
17 owed by the protected person to that person in conjunction with the
18 proposed purchase of the financial obligation with which the protected
19 person has or had before assignment an account or contract, including a
20 demand deposit account, or to whom the protected person issued a
21 negotiable instrument, for the purposes of reviewing the account or
22 collecting the financial obligation owed for the account, contract or
23 negotiable instrument. For the purposes of this paragraph, "reviewing the
24 account" includes activities that are related to account maintenance,
25 monitoring, credit line increases and account upgrades and enhancements.

26 ~~M.~~ L. For the purposes of this section:

27 1. "Protected person" means an individual who is under sixteen
28 years of age at the time a request for the placement of a security freeze
29 is made or who is an incapacitated person or a protected person for whom a
30 guardian or conservator has been appointed.

31 2. "Record" means a compilation of information to which all of the
32 following apply:

33 (a) The record identifies a protected person.

34 (b) The record is created by a consumer reporting agency solely for
35 the purpose of complying with this section.

36 (c) The record is not created or used to consider the protected
37 person's creditworthiness, credit standing, credit capacity, character,
38 general reputation, personal characteristics or mode of living.

39 3. "Representative" means a person who provides to a consumer
40 reporting agency sufficient proof of authority to act on behalf of a
41 protected person.

42 4. "Security freeze" means:

43 (a) If a consumer reporting agency does not have a file pertaining
44 to a protected person, a restriction that is placed on the protected

1 person's record and that prohibits the consumer reporting agency from
2 releasing the protected person's record.

3 (b) If a consumer reporting agency has a file pertaining to the
4 protected person, a restriction that is placed on the protected person's
5 credit report and that prohibits the consumer reporting agency from
6 releasing the protected person's credit report or any information derived
7 from the protected person's credit report.

8 5. "Sufficient proof of authority" means documentation that shows a
9 representative has authority to act on behalf of a protected person and
10 includes:

11 (a) A court order.

12 (b) A lawfully executed and valid power of attorney.

13 (c) A written, notarized statement signed by a representative that
14 expressly describes the authority of the representative to act on behalf
15 of a protected person.

16 6. "Sufficient proof of identification" means information or
17 documentation that identifies a protected person or a representative of a
18 protected person and includes:

19 (a) A social security number or a social security card issued by
20 the social security administration.

21 (b) A certified or official copy of a birth certificate issued by
22 the department of health services.

23 (c) A driver license or a nonoperating identification license
24 issued by the department of transportation pursuant to title 28, chapter 8
25 or any other government issued identification.

APPROVED BY THE GOVERNOR APRIL 3, 2018.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 3, 2018.