

# SENATE BILL 665

I3, I2, P1

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CF HB 782

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By: **Senators Lee, Benson, Feldman, Kelley, King, Madaleno, Manno,  
Nathan-Pulliam, Peters, Pinsky, Pugh, and Raskin**

Introduced and read first time: February 5, 2016

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Consumer Protection – Credit Report Security Freezes – Prohibition on Fees**  
3 **and Required Notices**

4 FOR the purpose of prohibiting a consumer reporting agency from charging a consumer a  
5 fee for placing a security freeze, temporarily lifting a security freeze a certain number  
6 of times, or removing a security freeze if the consumer has received a certain notice  
7 of a breach of the security of a system under certain provisions of State law or from  
8 or on behalf of a federal agency and provides a copy of the notice to the consumer  
9 reporting agency; altering the contents of a certain notice that must be included with  
10 a certain summary of rights provided to a consumer; requiring that certain notices  
11 relating to the breach of the security of a system include certain information about  
12 limitations on the fees that may be charged by a consumer reporting agency for  
13 placing, temporarily lifting, or removing a security freeze; and generally relating to  
14 fees charged by consumer reporting agencies for services relating to a security freeze  
15 and notices about the fees.

16 BY repealing and reenacting, without amendments,  
17 Article – Commercial Law  
18 Section 14–1212.1(a)(1) and (3) and 14–3504(a) and (b)(1) and (2)  
19 Annotated Code of Maryland  
20 (2013 Replacement Volume and 2015 Supplement)

21 BY repealing and reenacting, with amendments,  
22 Article – Commercial Law  
23 Section 14–1212.1(i) and (j) and 14–3504(g)  
24 Annotated Code of Maryland  
25 (2013 Replacement Volume and 2015 Supplement)

26 BY repealing and reenacting, without amendments,  
27 Article – State Government

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 10–1305(a) and (b)(1) and (2)  
2 Annotated Code of Maryland  
3 (2014 Replacement Volume and 2015 Supplement)

4 BY repealing and reenacting, with amendments,  
5 Article – State Government  
6 Section 10–1305(g)  
7 Annotated Code of Maryland  
8 (2014 Replacement Volume and 2015 Supplement)

9 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
10 That the Laws of Maryland read as follows:

11 **Article – Commercial Law**

12 14–1212.1.

13 (a) (1) In this section the following words have the meanings indicated.

14 (3) “Security freeze” means a restriction placed on a consumer’s consumer  
15 report at the request of the consumer that prohibits a consumer reporting agency from  
16 releasing the consumer’s consumer report or any information derived from the consumer’s  
17 consumer report without the express authorization of the consumer.

18 (i) (1) Except as provided in paragraph (2) of this subsection, a consumer may  
19 not be charged for any service relating to a security freeze.

20 (2) A consumer reporting agency may charge a reasonable fee, not  
21 exceeding \$5, for each placement, temporary lift, or removal of a security freeze.

22 (3) Notwithstanding paragraph (2) of this subsection, a consumer reporting  
23 agency may not charge any fee under this section to a consumer who:

24 (i) Has obtained a report of alleged identity fraud against the  
25 consumer under § 8–304 of the Criminal Law Article or an identity theft passport under §  
26 8–305 of the Criminal Law Article; and

27 (ii) Provides a copy of the report or passport to the consumer  
28 reporting agency.

29 **(4) NOTWITHSTANDING PARAGRAPH (2) OF THIS SUBSECTION, A**  
30 **CONSUMER REPORTING AGENCY MAY NOT CHARGE ANY FEE UNDER THIS SECTION**  
31 **TO A CONSUMER FOR A PLACEMENT OR REMOVAL OF A SECURITY FREEZE OR FOR**  
32 **THE FIRST TWO TEMPORARY LIFTS OF A SECURITY FREEZE IN A CALENDAR YEAR IF**  
33 **THE CONSUMER:**



1 within 15 minutes for certain requests. A consumer reporting agency must comply with a  
2 request to remove a security freeze on a credit report within 3 business days after the  
3 request is received.

4 If you are actively seeking credit, you should be aware that the procedures involved  
5 in lifting a security freeze may slow your own applications for credit. You should plan ahead  
6 and lift a security freeze, either completely if you are seeking credit from a number of  
7 sources, or just for a specific creditor if you are applying only to that creditor, a few days  
8 before actually applying for new credit.

9 A consumer reporting agency may charge a reasonable fee not exceeding \$5 for each  
10 placement, temporary lift, or removal of a security freeze. However, a consumer reporting  
11 agency may not charge any fee to a consumer who, at the time of a request to place,  
12 temporarily lift, or remove a security freeze, presents to the consumer reporting agency a  
13 police report of alleged identity fraud against the consumer or an identity theft passport. **A**  
14 **CONSUMER REPORTING AGENCY ALSO MAY NOT CHARGE ANY FEE TO A CONSUMER**  
15 **FOR PLACING OR REMOVING A SECURITY FREEZE OR FOR THE FIRST TWO**  
16 **TEMPORARY LIFTS OF A SECURITY FREEZE IN A CALENDAR YEAR IF, AT THE TIME OF**  
17 **A REQUEST TO PLACE, TEMPORARILY LIFT, OR REMOVE A SECURITY FREEZE, THE**  
18 **CONSUMER PRESENTS TO THE CONSUMER REPORTING AGENCY A COPY OF A NOTICE**  
19 **THAT THERE HAS BEEN A BREACH OF THE SECURITY OF A SYSTEM THAT MAY**  
20 **COMPROMISE THE SECURITY, CONFIDENTIALITY, OR INTEGRITY OF THE**  
21 **CONSUMER’S PERSONAL INFORMATION.**

22 A security freeze does not apply if you have an existing account relationship and a  
23 copy of your credit report is requested by your existing creditor or its agents or affiliates for  
24 certain types of account review, collection, fraud control, or similar activities.”

25 14–3504.

26 (a) In this section:

27 (1) “Breach of the security of a system” means the unauthorized acquisition  
28 of computerized data that compromises the security, confidentiality, or integrity of the  
29 personal information maintained by a business; and

30 (2) “Breach of the security of a system” does not include the good faith  
31 acquisition of personal information by an employee or agent of a business for the purposes  
32 of the business, provided that the personal information is not used or subject to further  
33 unauthorized disclosure.

34 (b) (1) A business that owns or licenses computerized data that includes  
35 personal information of an individual residing in the State, when it discovers or is notified  
36 of a breach of the security of a system, shall conduct in good faith a reasonable and prompt  
37 investigation to determine the likelihood that personal information of the individual has  
38 been or will be misused as a result of the breach.

1           (2) If, after the investigation is concluded, the business determines that  
2 misuse of the individual's personal information has occurred or is reasonably likely to occur  
3 as a result of a breach of the security of a system, the business shall notify the individual  
4 of the breach.

5           (g) The notification required under subsection (b) of this section shall include:

6           (1) To the extent possible, a description of the categories of information  
7 that were, or are reasonably believed to have been, acquired by an unauthorized person,  
8 including which of the elements of personal information were, or are reasonably believed  
9 to have been, acquired;

10           (2) Contact information for the business making the notification, including  
11 the business' address, telephone number, and toll-free telephone number if one is  
12 maintained;

13           (3) The toll-free telephone numbers and addresses for the major consumer  
14 reporting agencies; [and]

15           (4) (i) The toll-free telephone numbers, addresses, and Web site  
16 addresses for:

- 17                   1. The Federal Trade Commission; and
- 18                   2. The Office of the Attorney General; and

19           (ii) A statement that an individual can obtain information from  
20 these sources about steps the individual can take to avoid identity theft; **AND**

21           **(5) A NOTICE THAT A CONSUMER REPORTING AGENCY MAY NOT**  
22 **CHARGE ANY FEE TO A CONSUMER FOR PLACING OR REMOVING A SECURITY FREEZE**  
23 **OR FOR THE FIRST TWO TEMPORARY LIFTS OF A SECURITY FREEZE IN A CALENDAR**  
24 **YEAR IF, AT THE TIME OF A REQUEST TO PLACE, TEMPORARILY LIFT, OR REMOVE A**  
25 **SECURITY FREEZE, THE CONSUMER PRESENTS TO THE CONSUMER REPORTING**  
26 **AGENCY A COPY OF THIS NOTIFICATION.**

## 27   Article – State Government

28           10–1305.

29           (a) (1) In this section, “breach of the security of a system” means the  
30 unauthorized acquisition of computerized data that compromises the security,  
31 confidentiality, or integrity of the personal information maintained by a unit.

1           (2) “Breach of the security of a system” does not include the good faith  
2 acquisition of personal information by an employee or agent of a unit for the purposes of  
3 the unit, provided that the personal information is not used or subject to further  
4 unauthorized disclosure.

5           (b) (1) If a unit that collects computerized data that includes personal  
6 information of an individual discovers or is notified of a breach of the security of a system,  
7 the unit shall conduct in good faith a reasonable and prompt investigation to determine  
8 whether the unauthorized acquisition of personal information of the individual has resulted  
9 in or is likely to result in the misuse of the information.

10           (2) (i) Except as provided in subparagraph (ii) of this paragraph, if after  
11 the investigation is concluded, the unit determines that the misuse of the individual’s  
12 personal information has occurred or is likely to occur, the unit or the nonaffiliated third  
13 party, if authorized under a written contract or agreement with the unit, shall notify the  
14 individual of the breach.

15           (ii) Unless the unit or nonaffiliated third party knows that the  
16 encryption key has been broken, a unit or the nonaffiliated third party is not required to  
17 notify an individual under subparagraph (i) of this paragraph if:

18                           1. the personal information of the individual was secured by  
19 encryption or redacted; and

20                           2. the encryption key has not been compromised or disclosed.

21           (g) The notification required under subsection (b) of this section shall include:

22           (1) to the extent possible, a description of the categories of information that  
23 were, or are reasonably believed to have been, acquired by an unauthorized person,  
24 including which of the elements of personal information were, or are reasonably believed  
25 to have been, acquired;

26           (2) contact information for the unit making the notification, including the  
27 unit’s address, telephone number, and toll-free telephone number if one is maintained;

28           (3) the toll-free telephone numbers and addresses for the major consumer  
29 reporting agencies; [and]

30           (4) (i) the toll-free telephone numbers, addresses, and Web site  
31 addresses for:

32                           1. the Federal Trade Commission; and

33                           2. the Office of the Attorney General; and

1 (ii) a statement that an individual can obtain information from these  
2 sources about steps the individual can take to avoid identity theft; AND

3 **(5) A NOTICE THAT A CONSUMER REPORTING AGENCY MAY NOT**  
4 **CHARGE ANY FEE TO A CONSUMER FOR PLACING OR REMOVING A SECURITY FREEZE**  
5 **OR FOR THE FIRST TWO TEMPORARY LIFTS OF A SECURITY FREEZE IN A CALENDAR**  
6 **YEAR IF, AT THE TIME OF A REQUEST TO PLACE, TEMPORARILY LIFT, OR REMOVE A**  
7 **SECURITY FREEZE, THE CONSUMER PRESENTS TO THE CONSUMER REPORTING**  
8 **AGENCY A COPY OF THIS NOTIFICATION.**

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
10 October 1, 2016.