



May 11, 2006

TO: Representative Jim Keane and members of the Economic Affairs Interim Committee

FROM: Claudia Clifford, Associate State Director Advocacy, AARP Montana

RE: Proposed Security Freeze legislation

AARP Montana appreciates the committee's interest in recommending security freeze legislation for consideration in the 2007 session. We strongly support the Attorney General's draft legislation for the following key reasons:

- **Placing a security freeze is convenient.** The AG's bill provides optional secure methods to place a freeze – certified mail, secure electronic on-line registration, or regular mail. It is important to give consumers options and allow them to choose the option that is best or most convenient for them. Requiring only certified mail is a barrier for consumers. Currently, TranUnion does not require certified mail and accepts regular mail. In today's world, many banking and other sensitive transactions are done through secure electronic means which also allows for a confirmation of receipt to be generated back to the consumer. For some consumers regular mail may be a good option and the law assures that these consumers will receive confirmation from the credit bureaus in a return notice.
- **24 hour implementation for victims or potential victims of ID theft.** The AG's bill provides a very important protection for victims and people who have received a security breach notice by requiring a security breach to be placed within 24 hours. Time is of the essence in these situations. This protection is vital.
- **The cost to place and lift a freeze is reasonable in the AG's draft bill.** In our January 2006 survey, 78% of Montanans support security freeze legislation. They also object to credit bureaus charging significant fees for this important protection. CDIA is advocating that each of the three credit bureaus be able to charge \$10 to every time an individual needs to place, lift, or permanently remove a security freeze. That amounts to \$30 per person or \$60 per couple to freeze and an equal amount every time the consumer wants to allow an entity to check their credit. These are NOT reasonable fees. Most Montanans would consider this a financial burden. In our poll, 64% of Montanans do not support legislation that results in \$30 fees.

The AG proposes a reasonable fee of \$3 to implement a freeze and no fee to lift a freeze. We contend that charging no fee to lift a freeze is not only good for consumers, but good for businesses. Fees to lift a freeze might make consumers think twice about a purchase or loan. A fee to permanently remove a freeze does not seem reasonable because the consumer has already paid to place a freeze. In addition, we support the AG's proposal to waive fees for victims of ID theft.

**“Security Freeze” should not be limited to just extension of credit** as suggested by CDIA in their proposed definition. The AG's definition of “Security Freeze” would protect consumers when thieves are attempting to obtain a cell or regular telephone, a utility account, rent housing, or conduct other business not involving an extension of credit.

AARP Montana supports Consumer Union's suggestion that a victim need only provide “a copy of a valid police report, investigative report, or complaint to a law enforcement agency, or evidence of notice of security breach” to qualify for a waiver of fees.

If the committee decides that insurers should be exempt from a security freeze, AARP concurs with Consumer Union that the exemption must be for the purpose of engaging in the business of insurance. Insurance companies collect an enormous amount of credit information, forming their own credit scoring systems, and an exemption should not allow insurers to start functioning as credit reporting agencies without the freeze applying.

Identity theft is one of the fastest growing crimes, often committed by methamphetamine addicts. Your committee has a valuable opportunity to help Montanans protect themselves from financial damage through a security freeze. We encourage you to recommend a bill with strong consumer protections to the 2007 legislature. Thanks for your consideration of our comments.