

# ConsumersUnion®

## POLICY & ACTION FROM CONSUMER REPORTS

March 8, 2018

Illinois State Senate  
Springfield, IL 62706

Dear Senator:

Consumers Union, the advocacy division of Consumer Reports,<sup>i</sup> writes in support of Illinois House Bill 4095, which would eliminate fees for security freezes to help prevent Illinois consumers from becoming victims of identity theft. This important reform is more needed than ever, particularly in light of the devastating Equifax data breach that exposed the personal information of nearly 148 million Americans last year, putting them at risk of identity theft for years to come.

Data breaches have become increasingly common, and identity theft is on the rise.<sup>ii</sup> While high-profile breaches at Equifax, Target, Anthem, and the Office of Personnel Management are well known, they are part of a much broader problem. Nearly 1,000 financial institutions were subject to data breaches in 2017.<sup>iii</sup> And these data breaches are costly. Americans lost almost \$17 billion to identity theft last year,<sup>iv</sup> up from \$16 billion in 2016.<sup>v</sup>

One of the best ways for consumers to protect themselves from identity theft, particularly new account fraud, is the security freeze. Nearly every state and the District of Columbia require credit bureaus to offer to all consumers the option to set up a security freeze, which blocks credit bureaus from releasing a consumer's credit information without their permission. Because a prospective creditor will typically pull a consumer's credit report before granting credit, "freezing" that information effectively prevents potential thieves from opening fraudulent accounts in a consumer's name.

Under current Illinois law, unless a consumer is the victim of identity theft she may be charged \$10 at each credit bureau for placing, temporarily lifting, or removing a security freeze. Placing credit freezes at the big three bureaus alone (Equifax, TransUnion, and Experian) would cost \$30, with additional charges each time a consumer wants to lift or remove them. These fees may pose hurdles to protecting one's credit.

This bill would eliminate fees for using security freezes, thereby facilitating access to these protections. If passed, Illinois would join four states that already provide consumers with free security freezes, lifts, and removals: North Carolina (if placed online), Indiana, Maine, and South Carolina. A number of states are currently considering bills to remove security freeze fees, and governors in Nebraska and South Dakota have recently signed free security freeze legislation. Illinois residents, too, deserve this important protection. Increasing consumer protections against unauthorized disclosure of this information is particularly important, because consumers have no control over its collection by the credit bureaus.

For these reasons, Consumers Union supports H.B. 4095 and respectfully asks for your AYE vote.

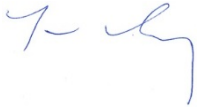
Sincerely,

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<sup>i</sup> Consumers Union is the advocacy division of Consumer Reports. Consumers Union works for a fair, just, and safe marketplace for all consumers and to empower consumers to protect themselves, focusing on the areas of telecommunications, health care, food and product safety, energy, and financial services, among others. Consumer Reports is the world's largest independent product-testing organization. Using its more than 50 labs, auto test center, and survey research center, the nonprofit organization rates thousands of products and services annually. Founded in 1936, Consumer Reports has over 8 million subscribers to its magazine, website, and other publications.

<sup>ii</sup> *Identity Fraud Hits All Time High with 16.7 Million Victims in 2017, According to New Javelin Strategy & Research Study*, JAVELIN (Feb. 6, 2018), <https://www.javelinstrategy.com/press-release/identity-fraud-hits-all-time-high-167-million-us-victims-2017-according-new-javelin> [hereinafter JAVELIN 2018 STUDY].

<sup>iii</sup> *2017 Data Breach Investigations Report*, 10th ed., VERIZON 19 (2017) <http://www.verizonenterprise.com/verizon-insights-lab/dbir/2017/>.

<sup>iv</sup> JAVELIN 2018 STUDY, *supra* note ii.

<sup>v</sup> *Identity Fraud Hits Record High with 15.4 Million U.S. Victims in 2016, Up 16 Percent According to New Javelin Strategy & Research Study*, JAVELIN (Feb. 1, 2017), <https://www.javelinstrategy.com/press-release/identity-fraud-hits-record-high-154-million-us-victims-2016-16-percent-according-new>.