Committee on Banking and Insurance

CS/CS/SB 556 — Protection of Specified Adults

by Rules Committee; Banking and Insurance Committee; and Senators Rouson and Book

The bill provides additional protections for specified adults (a natural person age 65 years or older or a vulnerable adult) who have accounts with financial institutions and may be victims of suspected financial exploitation. A vulnerable adult is a natural person 18 years of age or older whose ability to perform the normal activities of daily living or to provide for his or her own care or protection is impaired due to a mental, emotional, sensory, long-term physical, or developmental disability or dysfunction, or brain damage, or the infirmities of aging. The bill allows financial institutions to delay disbursements or transactions of funds from an account of a specified adult under the following conditions:

- The financial institution reasonably believes that financial exploitation of the specified adult has occurred, is occurring, has been attempted, or will be attempted in connection with the disbursement or transaction.
- The financial institution must promptly initiate an internal review of the facts and circumstances that caused the employee to reasonably believe that the financial exploitation of the specified adult has occurred, is occurring, has been attempted, or will be attempted.
- Not later than three business days after the date on which the delay was first placed, the financial institution provides written notice of the reason for the delay to all parties authorized to transact business on the account and any trusted contact on the account, using the contact information provided on the account, unless the employee of the financial institution believes that any of the parties are involved in the suspected exploitation.
- A delay in a disbursement or transaction expires in 15 business days, and may be extended for an additional 30 business days. A court of competent jurisdiction may shorten or extend the length of any delay.
- The financial institution must develop and implement training policies or programs reasonably designed to educate specified employees on issues pertaining to financial exploitation of specified adults. Further, the financial institution must develop, maintain, and enforce written procedures regarding the manner in which suspected financial exploitation is reviewed internally, including, if applicable, the manner in which suspected financial exploitation is required to be reported to supervisory personnel.
- The financial institution must create and maintain for at least five years from the date of the delayed disbursement or transactions a written or electronic record of specified information.

The bill grants immunity from any administrative or civil liability that might otherwise arise from a delay in a disbursement or transaction to any financial institution who in good faith and exercising reasonable care complies with the provisions of this act. The bill does not alter the obligation of a financial institution to comply with instructions from a client absent a reasonable belief of financial exploitation. The bill does not create new rights or obligations or new duties on a financial institution under other applicable laws or rules. The bill does not limit the right of a financial institution to refuse to place a delay on a transaction or disbursement under other laws or rules or under a customer agreement.

If approved by the Governor, or allowed to become law without the Governor's signature, these provisions take effect January 1, 2025.
Vote: Senate 34-0; House 104-1