

Amendment No. (for drafter's use only)

CHAMBER ACTION

Senate

House

1 Representative Brown offered the following:

2
3 **Amendment (with title amendment)**

4 Remove lines 20-77 and insert:

5 Section 1. Paragraph (r) is added to subsection (1) of
6 section 624.605, Florida Statutes, to read:

7 624.605 "Casualty insurance" defined.--

8 (1) "Casualty insurance" includes:

9 (r) Insurance for debt cancellation products.--Insurance
10 that a creditor may purchase against the risk of financial loss
11 from the use of debt cancellation products with consumer loans
12 or leases or retail installment contracts.

13 1. For purposes of this paragraph, debt cancellation
14 products, including, but not limited to, debt cancellation
15 contracts, debt suspension agreements, and guaranteed asset
16 protection contracts, are loan or lease or retail installment
17 contract terms under which a creditor agrees to cancel or

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18 suspend all or part of a customer's obligation to make payments
19 upon the occurrence of specified adverse events.

20 2. Debt cancellation products may be offered by financial
21 institutions, as defined in s. 655.005(1)(h), and including
22 insured depository institutions, as defined in 12 U.S.C. s.
23 1813(c), and subsidiaries thereof, as provided in the Financial
24 Institution Codes, or Motor Vehicle Retail Installment Sellers,
25 as defined in s. 520.02(15) or Retail Lessors, as defined in s.
26 521.003(8), Florida Statutes, and such products shall not
27 constitute insurance for purposes of the Florida Insurance Code.

28 Section 2. Subsection (3) of section 627.553, Florida
29 Statutes, is amended to read:

30 627.553 Debtor groups.--The lives of a group of
31 individuals may be insured under a policy issued to a creditor
32 or its parent holding company, or to a trustee or trustees or
33 agent designated by two or more creditors, which creditor,
34 holding company, affiliate, trustee or trustees, or agent shall
35 be deemed the policyholder, to insure debtors of the creditor or
36 creditors, subject to the following requirements:

37 (3) The amount of insurance on the life of any debtor
38 shall at no time exceed the amount owed by her or him which is
39 repayable in installments to the creditor ~~or \$50,000, whichever~~
40 ~~is less, except that loans not exceeding 1 year's duration shall~~
41 ~~not be subject to such limits. However, on such loans not~~
42 ~~exceeding 1 year's duration, the limit of coverage shall not~~
43 ~~exceed \$50,000 with any one insurer.~~

44 Section 3. Paragraph (b) of subsection (1) of section
45 627.679, Florida Statutes, is amended to read:

46 627.679 Amount of insurance; disclosure.--

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47 (1)

48 (b) The total amount of credit life insurance on the life
49 of any debtor with respect to any loan or loans covered in one
50 or more insurance policies shall at no time exceed the amount of
51 the indebtedness \$50,000 with any one creditor, except that
52 loans not exceeding 1 year's duration shall not be subject to
53 such limits, and on such loans not exceeding 1 year's duration,
54 the limits of coverage shall not exceed \$50,000 with any one
55 insurer.

56 Section 4. Paragraph (n) of subsection (1) of section
57 626.9541, Florida Statutes, is amended to read:

58 626.9541 Unfair methods of competition and unfair or
59 deceptive acts or practices defined.--

60 (1) UNFAIR METHODS OF COMPETITION AND UNFAIR OR DECEPTIVE
61 ACTS.--The following are defined as unfair methods of
62 competition and unfair or deceptive acts or practices:

63 (n) Free insurance prohibited.--

64 1. Advertising, offering, or providing free insurance as
65 an inducement to the purchase or sale of real or personal
66 property or of services directly or indirectly connected with
67 such real or personal property.

68 2. For the purposes of this paragraph, "free" insurance
69 is:

70 a. Insurance for which no identifiable and additional
71 charge is made to the purchaser of such real property, personal
72 property, or services.

73 b. Insurance for which an identifiable or additional
74 charge is made in an amount less than the cost of such insurance

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75 as to the seller or other person, other than the insurer,
76 providing the same.

77 3. Subparagraphs 1. and 2. do not apply to:

78 a. Insurance of, loss of, or damage to the real or
79 personal property involved in any such sale or services, under a
80 policy covering the interests therein of the seller or vendor.

81 b. Blanket disability insurance as defined in s. 627.659.

82 c. Credit life insurance or credit disability insurance.

83 d. Any individual, isolated, nonrecurring unadvertised
84 transaction not in the regular course of business.

85 e. Title insurance.

86 f. Any purchase agreement involving the purchase of a
87 cemetery lot or lots in which, under stated conditions, any
88 balance due is forgiven upon the death of the purchaser.

89 g. Life insurance, trip cancellation insurance, or lost
90 baggage insurance offered by a travel agency as part of a travel
91 package offered by and booked through the agency.

92 4. Using the word "free" or words which imply the
93 provision of insurance without a cost to describe life or
94 disability insurance, in connection with the advertising or
95 offering for sale of any kind of goods, merchandise, or
96 services.

97 h. Insurance covering property, other than real property
98 or motor vehicles, if the person paying for the insurance:

99 (I) Has an ongoing contractual interest in the property;

100 or

101 (II) Requires the property to deliver its services.

102 Section 5. Subsection (2) of section 627.681, Florida
103 Statutes, is amended to read:

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104 627.681 Term and evidence of insurance.--

105 (2) The term of credit disability insurance on any debtor
106 insured under this section shall not exceed the term of
107 indebtedness 10 years, and for credit transactions that exceed
108 60 months, coverage shall not exceed 60 monthly indemnities.

109 Section 6. Section 627.902, Florida Statutes, is amended
110 to read:

111 627.902 Premium financing by an insurer or subsidiary.--

112 (1) An insurer, a subsidiary of an insurer, or a
113 corporation under substantially the same management or control
114 as an authorized insurer or group of authorized insurers may
115 finance property, casualty, surety, and marine insurance
116 premiums on policies issued or business produced by such insurer
117 or insurers; however, any such insurer, subsidiary, or
118 corporation or group of insurers that charges a total service
119 charge per year or rate of interest which is substantially more
120 than that provided in s. 627.901 shall be subject to part XV of
121 this chapter. Notwithstanding any other provision of law, an
122 insurer, a subsidiary of an insurer, or a corporation under
123 substantially the same management or control as an authorized
124 insurer or group of authorized insurers may charge one-half of
125 the additional charge provided in s. 627.840, and the charges
126 provided in s. 627.841.

127 (2) Nothing in this part or in part XV shall disallow or
128 otherwise apply to a discount for those who pay the entire
129 premium for the entire policy term at the inception of the term
130 if the discount is found to be actuarially justified by the
131 office and approved by the office pursuant to the provisions of
132 part I of this chapter. Such actuarially justified and approved

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133 | discount shall not be deemed a component of or related to
134 | premium financing.

135 | Section 7. Section 628.511, Florida Statutes, is amended
136 | to read:

137 | 628.511 Clearing corporations ~~Book entry accounting~~
138 | ~~system.~~--

139 | (1) The purpose of this section is to authorize domestic
140 | insurers to utilize modern systems for holding and transferring
141 | securities without physical delivery of securities certificates,
142 | subject to appropriate rules of the commission.

143 | (2) The following terms are defined for use in this
144 | section:

145 | (a) "Securities" means instruments as defined in s.
146 | 678.1021.

147 | (b) "Clearing corporation" means a clearing corporation as
148 | defined in s. 678.1021. The term "clearing corporation" also
149 | includes "treasury/reserve automated debt entry securities
150 | system" and "treasury direct" book-entry securities systems as
151 | established pursuant to 31 U.S.C. ss. 3100 et seq., 12 U.S.C.
152 | 391 and 5 U.S.C. 301.

153 | (c) "Custodian" ~~"Direct participant"~~ means a national
154 | bank, state bank or trust company, or broker or dealer that
155 | ~~which maintains an account in its name in a clearing corporation~~
156 | ~~and through which an insurance company participates in a~~
157 | clearing corporation.

158 | ~~(d) "Federal Reserve book entry system" means the~~
159 | ~~computerized systems sponsored by the United States Department~~
160 | ~~of the Treasury and agencies and instrumentalities of the United~~
161 | ~~States for holding and transferring securities of the United~~
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162 ~~States Government and such agencies and instrumentalities,~~
163 ~~respectively, in Federal Reserve banks through banks which are~~
164 ~~members of the Federal Reserve System or which otherwise have~~
165 ~~access to such computerized systems.~~

166 ~~(c) "Member bank" means a national bank, state bank or~~
167 ~~trust company which is a member of the Federal Reserve System~~
168 ~~and through which an insurer participates in the Federal Reserve~~
169 ~~book entry system.~~

170 (3) Notwithstanding any other provision of law, a domestic
171 insurer may deposit or arrange for the deposit of securities
172 held in or purchased for its general account and its separate
173 accounts in a clearing corporation ~~or in the Federal Reserve~~
174 ~~book entry system.~~ When securities are deposited with a clearing
175 corporation, certificates representing securities of the same
176 class of the same issuer may be merged and held in bulk in the
177 name of the nominee of such clearing corporation with any other
178 securities deposited with such clearing corporation by any
179 person, regardless of the ownership of such securities, and
180 certificates representing securities of small denominations may
181 be merged into one or more certificates of larger denominations.
182 The records of any custodian bank through which an insurer holds
183 ~~securities in the Federal Reserve book entry system, and the~~
184 ~~records of any custodian banks through which an insurer holds~~
185 ~~securities~~ in a clearing corporation, shall at all times show
186 that such securities are held for such insurer and for which
187 accounts thereof. Ownership of, and other interests in, such
188 securities may be transferred by bookkeeping entry on the books
189 of such clearing corporation ~~or in the Federal Reserve book-~~

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190 ~~entry system without, in either case,~~ physical delivery of
191 certificates representing such securities.

192 (4) The commission may adopt rules governing the deposit
193 by insurers of securities with clearing corporations ~~and in the~~
194 ~~Federal Reserve book entry system.~~

195 Section 8. Section 655.947, Florida Statutes, is created
196 to read:

197 655.947 Debt cancellation products.--

198 (1) Debt cancellation products, including, but not limited
199 to, debt cancellation contracts, debt suspension agreements, and
200 guaranteed asset protection contracts, are loan or lease
201 contract terms, or modifications to loan or lease contracts,
202 under which a creditor agrees to cancel or suspend all or part
203 of a customer's obligation to make payments upon the occurrence
204 of specified events. Debt cancellation products may be offered,
205 and a fee charged, by financial institutions and their
206 subsidiaries subject to the provisions of this section. As used
207 in this section, the term "financial institutions" includes
208 those as defined in s. 655.005(1)(h) and insured depository
209 institutions as defined in 12 U.S.C. s. 1813.

210 (2) The commission shall adopt rules to administer this
211 section, such rules shall be consistent with 12 CFR Part 37, as
212 amended.

213

214 ===== T I T L E A M E N D M E N T =====

215 Remove line 16 and insert:

216 insurance; amending s. 626.9541, F.S.; relating to unfair
217 methods of competition and unfair or deceptive acts or
218 practices; exempting, from the prohibition on free insurance,
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219 | insurance covering property other than real property or motor
220 | vehicles under specified circumstances; amending 627.681, F.S.;
221 | revising a provision relating to the term and evidence of
222 | insurance; amending s. 627.902, F.S.; exempting certain lump-sum
223 | premium payments from provisions relating to premium financing;
224 | amending s. 628.511, F.S.; revising the definitions of the terms
225 | "clearing corporation" and "custodian"; deleting definitions of
226 | the terms "book entry system" and "member bank"; conforming
227 | changes; amending s. 655.947, F.S.; providing what constitutes a
228 | debt cancellation product; providing a definition; providing an
229 | effective date.