By Senator Posey

24-1037-07 See HB 441

1	A bill to be entitled						
2	An act relating to debt cancellation products;						
3	amending s. 624.605, F.S.; including debt						
4	cancellation products under casualty insurance;						
5	describing debt cancellation products;						
6	authorizing certain entities to offer debt						
7	cancellation products under certain						
8	circumstances; specifying such products as not						
9	constituting insurance; amending s. 626.9541,						
10	F.S.; providing an additional exclusion from a						
11	prohibition against free insurance for certain						
12	property insurance; creating s. 655.947, F.S.;						
13	defining debt cancellation products;						
14	authorizing financial institutions to offer						
15	such products; authorizing a fee; requiring the						
16	Financial Services Commission to adopt rules;						
17	amending s. 520.07, F.S.; requiring the						
18	commission to adopt rules for the sale of such						
19	products by motor vehicle retail installment						
20	sellers; providing an effective date.						
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22	Be It Enacted by the Legislature of the State of Florida:						
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24	Section 1. Paragraph (r) is added to subsection (1) of						
25	section 624.605, Florida Statutes, to read:						
26	624.605 "Casualty insurance" defined						
27	(1) "Casualty insurance" includes:						
28	(r) Debt cancellation productsInsurance that a						
29	creditor may purchase against the risk of financial loss from						
30	the use of debt cancellation products with consumer loans or						
31	leases or retail installment contracts.						

31 insurance is:

1	1. For purposes of this paragraph, debt cancellation								
2	products, including, but not limited to, debt cancellation								
3	contracts, debt suspension agreements, and quaranteed asset								
4	protection contracts, are loan, lease, or retail installment								
5	contract terms, or modifications to loan, lease, or retail								
6	installment contracts, under which a creditor agrees to cancel								
7	or suspend all or part of a customer's obligation to make								
8	payments upon the occurrence of specified events.								
9	2. Debt cancellation products may be offered by								
10	financial institutions, as defined in s. 655.005(1)(h), and								
11	including insured depository institutions, as defined in 12								
12	U.S.C. s. 1813(c), and subsidiaries of such institutions, as								
13	provided in the financial institution codes, or motor vehicle								
14	retail installment sellers, as defined in s. 520.02(15) or								
15	retail lessors, as defined in s. 521.003(8), and such products								
16	shall not constitute insurance for purposes of the Florida								
17	Insurance Code.								
18	Section 2. Paragraph (n) of subsection (1) of section								
19	626.9541, Florida Statutes, is amended to read:								
20	626.9541 Unfair methods of competition and unfair or								
21	deceptive acts or practices defined								
22	(1) UNFAIR METHODS OF COMPETITION AND UNFAIR OR								
23	(1) ONFAIR METHODS OF COMPETITION AND UNPAIR OR								
23	DECEPTIVE ACTS The following are defined as unfair methods								
24									
	DECEPTIVE ACTSThe following are defined as unfair methods								
24	DECEPTIVE ACTS The following are defined as unfair methods of competition and unfair or deceptive acts or practices:								
24 25	DECEPTIVE ACTSThe following are defined as unfair methods of competition and unfair or deceptive acts or practices: (n) Free insurance prohibited								
24 25 26	DECEPTIVE ACTSThe following are defined as unfair methods of competition and unfair or deceptive acts or practices: (n) Free insurance prohibited 1. Advertising, offering, or providing free insurance								
24252627	DECEPTIVE ACTSThe following are defined as unfair methods of competition and unfair or deceptive acts or practices: (n) Free insurance prohibited 1. Advertising, offering, or providing free insurance as an inducement to the purchase or sale of real or personal								

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- a. Insurance for which no identifiable and additional charge is made to the purchaser of such real property, personal property, or services.
 - b. Insurance for which an identifiable or additional charge is made in an amount less than the cost of such insurance as to the seller or other person, other than the insurer, providing the same.
 - 3. Subparagraphs 1. and 2. do not apply to:
 - a. Insurance of, loss of, or damage to the real or personal property involved in any such sale or services, under a policy covering the interests therein of the seller or vendor.
- b. Blanket disability insurance as defined in s.627.659.
- 15 c. Credit life insurance or credit disability
 16 insurance.
 - d. Any individual, isolated, nonrecurring unadvertised transaction not in the regular course of business.
 - e. Title insurance.
 - f. Any purchase agreement involving the purchase of a cemetery lot or lots in which, under stated conditions, any balance due is forgiven upon the death of the purchaser.
 - g. Life insurance, trip cancellation insurance, or lost baggage insurance offered by a travel agency as part of a travel package offered by and booked through the agency.
- h. Insurance covering property, other than real
 property or motor vehicles, if the person paying for the
 insurance:
- 29 <u>(I) Has an ongoing contractual interest or other</u>
 30 <u>economic interest in the property; or</u>
 - (II) Requires the property to deliver its services.

1	4. Using the word "free" or words which imply the								
2	provision of insurance without a cost to describe life or								
3	disability insurance, in connection with the advertising or								
4	offering for sale of any kind of goods, merchandise, or								
5	services.								
6	Section 3. Section 655.947, Florida Statutes, is								
7	created to read:								
8	655.947 Debt cancellation products								
9	(1) Debt cancellation products, including, but not								
10	limited to, debt cancellation contracts, debt suspension								
11	agreements, and quaranteed asset protection contracts, are								
12	loan or lease contract provisions, or modifications to loan or								
13	lease contracts, under which a creditor agrees to cancel or								
14	suspend all or part of a customer's obligation to make								
15	payments upon the occurrence of specified events. Debt								
16	cancellation products may be offered, and a fee charged, by								
17	financial institutions and their subsidiaries subject to the								
18	provisions of this section. As used in this section, the term								
19	"financial institutions" includes those as defined in s.								
20	655.005(1)(h) and insured depository institutions as defined								
21	in 12 U.S.C. s. 1813(c).								
22	(2) The commission shall adopt rules pursuant to ss.								
23	120.536(1) and 120.54 to administer this section, which rules								
24	must be consistent with 12 C.F.R. part 37, as amended.								
25	Section 4. Subsection (11) is added to section 520.07,								
26	Florida Statutes, to read:								
27	520.07 Requirements and prohibitions as to retail								
28	installment contracts								
29	(11) The commission shall adopt rules to administer								
30	the sale of debt cancellation products as defined in s.								
3 1	624 605(1)(r) by motor vehicle retail installment sellers								

1	Section	5.	This	act	shall	take	effect	July	1,	2007.	
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CODING: Words stricken are deletions; words underlined are additions.