

By Senator Diaz-Balart

37-1150-00

1 A bill to be entitled
2 An act relating to insurance; amending s.
3 626.321, F.S.; authorizing individuals and
4 entities holding a credit life or disability
5 insurance license to sell credit insurance;
6 modifying requirements for licensure; amending
7 s. 627.679, F.S.; requiring certain disclosures
8 to be made within a specified time upon the
9 sale of credit life insurance; allowing a
10 borrower a specified time from the date of such
11 disclosures to rescind the coverage; providing
12 an effective date.

14 Be It Enacted by the Legislature of the State of Florida:

16 Section 1. Paragraph (e) of subsection (1) of section
17 626.321, Florida Statutes, is amended to read:

18 626.321 Limited licenses.--

19 (1) The department shall issue to a qualified
20 individual, or a qualified individual or entity under
21 paragraphs (c), (d), and (e), a license as agent authorized to
22 transact a limited class of business in any of the following
23 categories:

24 (e) Credit life or disability insurance.--License
25 covering only credit life or disability insurance. The license
26 may be issued only to an individual employed by a life or
27 health insurer as an officer or other salaried or commissioned
28 representative, or to an individual employed by or associated
29 with a lending or financing institution or creditor, and may
30 authorize the sale of such insurance only with respect to
31 borrowers or debtors of such lending or financing institution

1 or creditor. However, only the individual or entity whose tax
2 identification number is used in receiving or is credited with
3 receiving the commission from the sale of such insurance shall
4 be the licensed agent of the insurer. No individual while so
5 licensed shall hold a license as an agent or solicitor as to
6 any other or additional kind or class of life or health
7 insurance coverage. An entity ~~other than a lending or~~
8 ~~financial institution defined in s. 655.005(1)(g), (h), or (p)~~
9 holding a limited license under this paragraph ~~is~~ shall also
10 ~~be~~ authorized to sell credit insurance and credit property
11 insurance. An entity applying for a license under this
12 section:

13 1. Is required to submit only one application for a
14 license under s. 626.171, excluding the requirements of s.
15 626.171(5).

16 2. Is not required to obtain a license or appointment
17 for each office, branch office, or place of business making
18 use of the entity's business name ~~by applying to the~~
19 ~~department for the license on a simplified form developed by~~
20 ~~rule of the department for this purpose.~~

21 3. ~~Is not required to pay any additional application~~
22 ~~fees for a license issued to the offices or places of business~~
23 ~~referenced in subsection (2), but is required to pay the~~
24 ~~license fee as prescribed in s. 624.501, be appointed under s.~~
25 ~~626.112, and pay the prescribed appointment fee under s.~~
26 ~~624.501.~~ A copy of the license obtained under this paragraph
27 shall be posted at each the business location at for which
28 employees are selling insurance authorized under the entity
29 license it was issued so as to be readily visible to
30 prospective purchasers of such coverage.

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1 Section 2. Subsection (1) of section 627.679, Florida
2 Statutes, is amended to read:

3 627.679 Amount of insurance; disclosure.--

4 (1)(a) The amount of credit life insurance written
5 under one or more policies shall not exceed by more than \$5
6 the total of the payments of the specific contracts of
7 indebtedness in connection with which it is written, when the
8 indebtedness is repayable in substantially equal installments
9 or in one installment or a single payment.

10 (b) The total amount of credit life insurance on the
11 life of any debtor with respect to any loan or loans covered
12 in one or more insurance policies shall at no time exceed
13 \$50,000 with any one creditor, except that loans not exceeding
14 1 year's duration shall not be subject to such limits, and on
15 such loans not exceeding 1 year's duration, the limits of
16 coverage shall not exceed \$50,000 with any one insurer.

17 (c) Before any credit life insurance may be sold, the
18 creditor agent or agent shall obtain a separate written
19 acknowledgment with respect to each of the following:

20 1. That the borrower understands that he or she has
21 the option of assigning any other policy or policies the
22 borrower owns or may procure for the purpose of covering such
23 loan and that the policy need not be purchased from the
24 creditor agent in order to obtain the loan.

25 2. That the borrower understands that the credit life
26 coverage may be deferred if, at the time of application, the
27 borrower is unable to engage in employment or unable to
28 perform normal activities of a person of like age and sex, if
29 the proposed credit life insurance policy contains this
30 restriction.

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1 3. That the borrower understands that the benefits
2 under the policy will terminate when the borrower reaches a
3 certain age and that the borrower's age is accurately
4 represented on the application or policy.

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6 Notwithstanding the required disclosures set forth in this
7 paragraph, if the sale of credit life insurance is solicited
8 or consummated other than in person, the creditor or agent
9 shall provide the foregoing disclosures to the borrower within
10 30 days from the date the coverage takes effect. The borrower
11 shall have 15 days from the date the disclosures are received
12 to rescind the credit life insurance coverage.

13 Section 3. This act shall take effect July 1, 2000.

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16 SENATE SUMMARY

17 Authorizes individuals and entities holding a credit life
18 or disability insurance license to sell credit insurance.
19 Modifies the requirements for licensure. Requires certain
20 disclosures to be made within a specified time upon the
21 sale of credit life insurance. Allows a borrower a
22 specified time from the date of such disclosure to
23 rescind coverage.
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