

By the Committee on Banking and Insurance; and Senator Diaz-Balart

311-1799-00

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), provided that the entity is regulated by any of  
16 the following federal or state agencies: Office of the  
17 Comptroller of the Currency; the Securities and Exchange  
18 Commission; or the Department of Banking and Finance.

19 2. Is not required to obtain a license or appointment  
20 for each office, branch office, or place of business making  
21 use of the entity's business name ~~by applying to the~~  
22 ~~department for the license on a simplified form developed by~~  
23 ~~rule of the department for this purpose.~~ However, the licensed  
24 entity shall file with the department the address and  
25 telephone number of each place of business at which credit  
26 insurance is being marketed or sold. This information must be  
27 filed annually by January 1 in an electronic format as  
28 specified by the department by rule. The licensee is required  
29 to file with the department, in the same specified electronic  
30 format, any changes, additions, or deletions regarding each  
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1 place of business marketing or selling credit insurance within  
2 30 days after such change.

3 ~~3. Is not required to pay any additional application~~  
4 ~~fees for a license issued to the offices or places of business~~  
5 ~~referenced in subsection (2), but is required to pay the~~  
6 ~~license fee as prescribed in s. 624.501, be appointed under s.~~  
7 ~~626.112, and pay the prescribed appointment fee under s.~~  
8 ~~624.501.~~A copy of the license obtained under this paragraph  
9 shall be posted at each the business location at for which  
10 employees are selling insurance authorized under the entity  
11 license it was issued so as to be readily visible to  
12 prospective purchasers of such coverage.

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

15 627.679 Amount of insurance; disclosure.--

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

22 (b) The total amount of credit life insurance on the  
23 life of any debtor with respect to any loan or loans covered  
24 in one or more insurance policies shall at no time exceed  
25 \$50,000 with any one creditor, except that loans not exceeding  
26 1 year's duration shall not be subject to such limits, and on  
27 such loans not exceeding 1 year's duration, the limits of  
28 coverage shall not exceed \$50,000 with any one insurer.

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

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

6           2. That the borrower understands that the credit life  
7 coverage may be deferred if, at the time of application, the  
8 borrower is unable to engage in employment or unable to  
9 perform normal activities of a person of like age and sex, if  
10 the proposed credit life insurance policy contains this  
11 restriction.

12           3. That the borrower understands that the benefits  
13 under the policy will terminate when the borrower reaches a  
14 certain age and that the borrower's age is accurately  
15 represented on the application or policy.

16  
17 Notwithstanding the required disclosures set forth in this  
18 paragraph, if the sale of credit life insurance is solicited  
19 or consummated telephonically, the creditor or agent shall  
20 provide the foregoing disclosures to the borrower within 30  
21 days from the date the coverage takes effect. The borrower  
22 shall be notified that he or she has 30 days from the date the  
23 disclosures are received to rescind the credit life insurance  
24 coverage.

25           Section 3. This act shall take effect July 1, 2000.  
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STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN  
COMMITTEE SUBSTITUTE FOR  
Senate Bill 1612

1. Provides that officers of an entity applying for credit insurance licensure with the Department of Insurance do not have to submit fingerprints with an application, if the entity is regulated by specified state or federal agencies.
2. Requires that a licensed entity must annually file certain information in an electronic format with the Department of Insurance.
3. Provides that if the sale of credit life insurance is solicited telephonically, the consumer has 30 days rather than 15 days from the date the disclosures are received to rescind the credit life insurance coverage.