

Bill No. CS/HB 339

Amendment No.     

	<u>Senate</u>	CHAMBER ACTION	<u>House</u>
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11	Senator Diaz-Balart moved the following amendment:		
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13	<b>Senate Amendment (with title amendment)</b>		
14	On page 8, between lines 18 and 19,		
15			
16	insert:		
17	Section 10. Paragraph (e) of subsection (1) of section		
18	626.321, Florida Statutes, is amended to read:		
19	626.321 Limited licenses.--		
20	(1) The department shall issue to a qualified		
21	individual, or a qualified individual or entity under		
22	paragraphs (c), (d), and (e), a license as agent authorized to		
23	transact a limited class of business in any of the following		
24	categories:		
25	(e) Credit life or disability insurance.--License		
26	covering only credit life or disability insurance. The license		
27	may be issued only to an individual employed by a life or		
28	health insurer as an officer or other salaried or commissioned		
29	representative, or to an individual employed by or associated		
30	with a lending or financing institution or creditor, and may		
31	authorize the sale of such insurance only with respect to		

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

14 1. Is required to submit only one application for a  
15 license under s. 626.171, excluding the requirements of s.  
16 626.171(5), provided that the entity is regulated by any of  
17 the following federal or state agencies: Office of the  
18 Comptroller of the Currency; the Office of Thrift Supervision;  
19 the Securities and Exchange Commission; or the Department of  
20 Banking and Finance.

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

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1 format, any changes, additions, or deletions regarding each  
2 place of business marketing or selling credit insurance within  
3 30 days after such change.

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

14       Section 11. Subsection (1) of section 627.679, Florida  
15 Statutes, is amended to read:

16       627.679 Amount of insurance; disclosure.--

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

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

30       (c) Before any credit life insurance may be sold, the  
31 creditor agent or agent shall obtain a separate written

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1 acknowledgment with respect to each of the following:

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

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

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

17

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

26 Section 12. Section 624.408, Florida Statutes, is  
27 amended to read:

28 624.408 Surplus as to policyholders required; new and  
29 existing insurers.--

30 (1)(a) To maintain a certificate of authority to  
31 transact any one kind or combinations of kinds of insurance,

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1 as defined in part V of this chapter, an insurer in this state  
2 shall at all times maintain surplus as to policyholders not  
3 less than the greater of:

4 1. Except as provided in subparagraph 5. and paragraph  
5 (b), \$1.5 million;

6 2. For life insurers, 4 percent of the insurer's total  
7 liabilities;

8 3. For life and health insurers, 4 percent of the  
9 insurer's total liabilities plus 6 percent of the insurer's  
10 liabilities relative to health insurance; or

11 4. For all insurers other than mortgage guaranty  
12 insurers, life insurers, and life and health insurers, 10  
13 percent of the insurer's total liabilities.

14 5. For property and casualty insurers, \$4 million.

15 (b) For any property and casualty insurer holding a  
16 certificate of authority on December 1, 1993, the following  
17 amounts apply instead of the \$4 million required by  
18 subparagraph (a)5.:

19 1. On December 31, 1998, and until December 30, 1999,  
20 \$2.25 million.

21 2. On December 31, 1999, and until December 30, 2000,  
22 \$2.5 million.

23 3. On December 31, 2000, and until December 30, 2001,  
24 \$2.75 million.

25 4. On December 31, 2001, and until December 30, 2002,  
26 \$3 million.

27 5. On December 31, 2002, and until December 30, 2003,  
28 \$3.25 million.

29 6. On December 31, 2003, and until December 30, 2004,  
30 \$3.6 million.

31 7. On December 31, 2004, and thereafter, \$4 million.

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1           (2) For purposes of this section, liabilities shall  
 2 not include liabilities required under s. 625.041(4). For  
 3 purposes of computing minimum surplus as to policyholders  
 4 pursuant to s. 625.305(1), liabilities shall include  
 5 liabilities required under s. 625.041(4).

6           (3) No insurer shall be required under this section to  
 7 have surplus as to policyholders greater than \$100 million.

8           (4) Mortgage guaranty insurers shall have and maintain  
 9 a minimum surplus as required by s. 635.042.

10           Section 13. Section 635.042, Florida Statutes, is  
 11 amended to read:

12           635.042 Minimum surplus requirement ~~Limitation on~~  
 13 ~~outstanding liability.--~~

14           (1) A mortgage guaranty insurer must have and maintain  
 15 a minium surplus of not less than the greater of \$4 million or  
 16 10 percent of the insurer's total outstanding liabilities  
 17 other than the required contingency reserve. An insurer shall  
 18 not be required under this subsection to have a surplus as to  
 19 policyholders greater than \$100 million.

20           (2) A mortgage guaranty insurer must also possess  
 21 sufficient capital and surplus so that the total outstanding  
 22 aggregate exposure net of reinsurance under mortgage guaranty  
 23 policies written by the insurer does not exceed 25 times its  
 24 paid-in capital, surplus, and contingency reserve combined.  
 25 The audited financial reports required pursuant to s.  
 26 624.424(8) must disclose the total aggregate exposure net of  
 27 reinsurance under mortgage guaranty policies written by the  
 28 insurer.

29           (3) If a mortgage guaranty insurer is not in  
 30 compliance with this section, the department may take any  
 31 action against such insurer that the department may take

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1 against an insurer that is not in compliance with s. 624.408.

2 ~~No mortgage guaranty insurer may at any time have outstanding~~

3 ~~a total liability net of reinsurance, under its aggregate~~

4 ~~mortgage guaranty insurance policies, exceeding 25 times its~~

5 ~~paid-in capital, surplus, and contingency reserve combined.~~

6 Section 14. Subsection (3) of section 626.9551,

7 Florida Statutes, is amended to read:

8 626.9551 Favored agent or insurer; coercion of

9 debtors.--

10 (3) Paragraphs (2)(a), (b), (c), and (d) do not apply

11 to sales of insurance regulated under ss. 627.676-627.6845, s.

12 655.946, parts XV-XVI of chapter 627, or 12 U.S.C. ss.

13 4901-4910. Paragraph (2)(d) does not apply to sales of

14 insurance as defined in s. 624.605(1)(i) and (j).

15

16 (Redesignate subsequent sections.)

17

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

20 And the title is amended as follows:

21 On page 1, line 16, after the semicolon,

22

23 insert:

24 amending s. 624.408, F.S.; providing a minimum

25 surplus for mortgage guaranty insurers;

26 amending 635.042, F.S.; providing for minimum

27 surplus requirements for mortgage guaranty

28 insurers; amending s. 626.321, F.S.;

29 authorizing individuals and entities holding a

30 credit life or disability insurance license to

31 sell credit insurance; modifying requirements

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for licensure; amending s. 627.679, F.S.;  
requiring certain disclosures to be made within  
a specified time upon the sale of credit life  
insurance; allowing a borrower a specified time  
from the date of such disclosures to rescind  
the coverage; amending s. 626.9551, F.S.;  
providing for an exemption;