

HOUSE MESSAGE SUMMARY

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BILL: CS/SB 1260, 1st Engrossed
SPONSOR: Banking and Insurance Committee and Senator King
SUBJECT: Financial Institutions
PREPARED BY: Senate Committee on Banking and Insurance
DATE: May 3, 2001

I. Amendments Contained in Message:

House Amendment 1----880317 (body with title)

House Amendment 2----804975 (body with title)

II. Summary of Amendments Contained in Message:

The House amendments provide for two changes to CS/SB 1260 which are explained below.

House Amendment 1: This provision amends s. 68.065, F.S., relating to actions to collect worthless checks. It removes the requirement that a written demand must be delivered by “registered or certified mail,” for recoveries of service charges on worthless checks, drafts or orders of payment. Current law would still require that a written demand be made.

House Amendment 2: This provision amends s. 655.059, F.S., relating to confidentiality of depositor books and records. Current law requires books and records relating to deposit accounts and loans of depositors, borrowers, members and stockholders of financial institutions to be confidential and shall not be released except upon express authorization of the account holder as to his or her own accounts. This is known as the “opt-in” provision. Information relating specifically to loans may be released without the borrower’s authorization under specified circumstances. In addition, financial institutions, holding companies and their subsidiaries may furnish to one another information relating to their customers or members, subject to the requirement that each corporation maintain the confidentiality of such information and not disclose the information to any unaffiliated person or entity.

This amendment would allow “affiliates” of financial institutions to furnish to other financial institutions, holding companies and their subsidiaries and affiliates information relating to their customers or members, subject to the confidentiality requirements noted above.

The amendment would also provide that notwithstanding the provisions relating to confidentiality (noted above), that nothing in this subsection shall prohibit a financial institution from disclosing financial information as permitted by Public Law 106-102 (1999), as set forth in 15 USCA, s. 6802, as amended. This refers to the Gramm-Leach-Bliley Act (GLB), also known as the “Financial Services Modernization Act.”

The GLB was signed into law by President Clinton on Nov. 12, 1999, and becomes effective on July 1, 2001. It allows banks, securities firms and insurance companies to merge, affiliate with each other, and engage in new business activities outside their traditional areas. These entities can share certain consumer information which they can ultimately provide to anyone they choose. However these third parties cannot share that information with anyone else. Also, under GLB, consumers must be offered the opportunity to refuse to allow their personal financial information to be shared by signing and sending back disclosure information which has to be provided to the consumer on an annual basis by the financial institution. This is known as the "opt-out" provision. Thus, the effect of this amendment will be to adopt a less restrictive standard (opt-out provision) than current Florida law (opt-in provision) as to consumer financial disclosures.