

By Representative Peterman

1 A bill to be entitled
 2 An act relating to insurance; creating s.
 3 627.4553, F.S.; requiring life insurers having
 4 certain types of policies in force to annually
 5 notify policyholders of certain information
 6 concerning their policies; providing
 7 exceptions; amending s. 627.4555, F.S.;
 8 limiting an exception from specified notice
 9 requirements with respect to lapse of life
 10 insurance coverage for nonpayment of premium;
 11 creating s. 627.4587, F.S.; requiring benefit
 12 enhancement of certain types of policies if the
 13 premium payment reaches certain levels;
 14 creating s. 627.5015, F.S.; prohibiting
 15 delivery or issuance of industrial life
 16 insurance policies after a specified date;
 17 requiring notice to policyholders of existing
 18 policies; providing an exception; providing an
 19 effective date.

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

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 23 Section 1. Section 627.4553, Florida Statutes, is
 24 created to read:
 25 627.4553 Annual notice.--Each insurer that has in
 26 force in this state a policy of life insurance with a death
 27 benefit of \$15,000 or less shall annually on the policy
 28 anniversary date, by United States mail, disclose to the
 29 policyholder or premium payor the total amount of premiums
 30 paid, the cash value, and the amount of the death benefits
 31 payable under such policy. If the insurer is unable to locate

1 the policyholder, the policy shall be converted to full
2 paid-up status. The disclosure notice is not required to be
3 sent for any policies that are in full paid-up status or
4 policies that are converted to full paid-up status.

5 Section 2. Section 627.4555, Florida Statutes, is
6 amended to read:

7 627.4555 Secondary notice.--Except as provided in this
8 section, a contract for life insurance issued or issued for
9 delivery in this state on or after October 1, 1997, covering a
10 natural person 64 years of age or older, which has been in
11 force for at least 1 year, may not be lapsed for nonpayment of
12 premium unless, after expiration of the grace period, and at
13 least 21 days before the effective date of any such lapse, the
14 insurer has mailed a notification of the impending lapse in
15 coverage to the policyowner and to a specified secondary
16 addressee if such addressee has been designated in writing by
17 name and address by the policyowner. An insurer issuing a
18 life insurance contract on or after October 1, 1997, shall
19 notify the applicant of the right to designate a secondary
20 addressee at the time of application for the policy, on a form
21 provided by the insurer, and at any time the policy is in
22 force, by submitting a written notice to the insurer
23 containing the name and address of the secondary addressee.
24 For purposes of any life insurance policy that provides a
25 grace period of more than 51 days for nonpayment of premiums,
26 the notice of impending lapse in coverage required by this
27 section must be mailed to the policyowner and the secondary
28 addressee at least 21 days before the expiration of the grace
29 period provided in the policy. This section does not apply to
30 any life insurance contract issued before July 1, 2001, under
31 which premiums are payable monthly or more frequently and are

1 regularly collected by a licensed agent or are paid by credit
2 card or any preauthorized check processing or automatic debit
3 service of a financial institution.

4 Section 3. Section 627.4587, Florida Statutes, is
5 created to read:

6 627.4587 Benefit enhancement.--For all policies issued
7 after July 1, 2001, with a death benefit of less than \$15,000,
8 the following apply:

9 (1) When the cumulative premiums paid exceed 250
10 percent of the death benefit, the insurer shall enhance the
11 death benefit by \$0.50 for each premium dollar paid in excess
12 of 250 percent of the death benefit.

13 (2) When the cumulative premiums paid exceed 500
14 percent of the death benefit, the insurer shall enhance the
15 death benefit by \$1.50 for each premium dollar paid in excess
16 of 500 percent of the death benefit.

17 Section 4. Section 627.5015, Florida Statutes, is
18 created to read:

19 627.5015 Industrial life insurance prohibited;
20 disclosure.--

21 (1) A policy of industrial life insurance may not be
22 delivered or issued in this state on or after July 1, 2001.

23 (2) Each insurer that has in force in this state a
24 policy of industrial life shall annually on the policy
25 anniversary date, by United States mail, disclose to the
26 policyholder or premium payor the total amount of premiums
27 paid, the cash value, and the amount of the death benefits
28 payable under such policy. If the insurer is unable to locate
29 the policyholder, the policy shall be converted to full
30 paid-up status. The disclosure notice is not required to be
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1 sent for any policies that are in full paid-up status or
2 policies that are converted to full paid-up status.

3 Section 5. This act shall take effect July 1, 2001.

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6 LEGISLATIVE SUMMARY

7 Requires life insurers that have policies in force which
8 provide death benefits of less than \$15,000 to annually
9 mail to the policyholder a disclosure of the total
10 premiums paid, the cash value, and the death benefits
11 payable. Provides an exception for policies that are in
12 full paid-up status. Provides that the secondary notice
13 requirements for lapse of a life insurance policy for
14 nonpayment of premium does not apply to policies issued
15 before July 1, 2001. Requires benefit enhancement for
16 policies issued after July 1, 2001, having a death
17 benefit of less than \$15,000, when the premium payment
18 reaches specified levels. Prohibits delivery or issuance
19 of industrial life insurance policies after July 1, 2001.
20 Requires annual notice to policyholders of existing
21 policies. Provides an exception for policies that are in
22 full paid-up status.
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