

By Representative Brown

1 A bill to be entitled
2 An act relating to credit insurance; amending
3 s. 626.321, F.S.; authorizing certain
4 individuals or entities to sell credit
5 insurance; revising requirements for licensure;
6 amending s. 626.9551, F.S.; excluding sales of
7 credit insurance from application of a
8 limitation on sales of insurance in connection
9 with certain loans; amending s. 627.679, F.S.;
10 revising disclosure requirements for sales of
11 credit life insurance; providing an effective
12 date.

13
14 Be It Enacted by the Legislature of the State of Florida:

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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, or to a
30 lending or financing institution entity, and may authorize the
31 sale of such insurance only with respect to borrowers or

1 debtors of such lending or financing institution or creditor.
2 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 the entity is regulated by the Office of
17 the Comptroller of the Currency, the Office of Thrift
18 Supervision of the Securities and Exchange Commission, or the
19 Department of Banking and Finance.

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

1 business marketing or selling credit insurance within 30 days
2 after such change, addition, or deletion.

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.~~ Shall post 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's
11 license it was issued so as to be readily visible to
12 prospective purchasers of such coverage.

13 Section 2. Subsection (3) of section 626.9551, Florida
14 Statutes, is amended to read:

15 626.9551 Favored agent or insurer; coercion of
16 debtors.--

17 (3) Paragraphs (2)(a), (b), (c), and (d) do not apply
18 to sales of insurance regulated under ss. 627.676-627.6845, s.
19 655.946, parts XV-XVI of chapter 627, or 12 U.S.C. ss.
20 4901-4910. Paragraph (2)(d) does not apply to sales of
21 insurance as defined in s. 624.605(1)(i) and (j).

22 Section 3. Subsection (1) of section 627.679, Florida
23 Statutes, is amended to read:

24 627.679 Amount of insurance; disclosure.--

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

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1 (b) The total amount of credit life insurance on the
2 life of any debtor with respect to any loan or loans covered
3 in one or more insurance policies shall at no time exceed
4 \$50,000 with any one creditor, except that loans not exceeding
5 1 year's duration shall not be subject to such limits, and on
6 such loans not exceeding 1 year's duration, the limits of
7 coverage shall not exceed \$50,000 with any one insurer.

8 (c) Before any credit life insurance may be sold, the
9 creditor agent or agent shall provide ~~obtain~~ a separate
10 written disclosure ~~acknowledgment~~ with respect to ~~each of the~~
11 following:

12 1. That the borrower ~~understands that he or she~~ has
13 the option of assigning any other policy or policies the
14 borrower owns or may procure for the purpose of covering such
15 loan and that the policy need not be purchased from the
16 creditor agent in order to obtain the loan.

17 2. That the ~~borrower understands that the~~ credit life
18 coverage may be deferred if, at the time of application, the
19 borrower is unable to engage in employment or unable to
20 perform normal activities of a person of like age and sex, if
21 the proposed credit life insurance policy contains this
22 restriction.

23 3. That the ~~borrower understands that the~~ benefits
24 under the policy will terminate when the borrower reaches a
25 certain age and that the borrower's age is accurately
26 represented on the application or policy.

27
28 Notwithstanding the disclosures required by this paragraph, if
29 the sale of credit life insurance is solicited or consummated
30 telephonically, electronically, or by mail, the creditor or
31 agent shall provide the foregoing disclosures to the borrower

1 within 30 days after the date the coverage takes effect. The
2 borrower shall be notified that he or she has 30 days after
3 the date the disclosures are received to rescind the credit
4 life insurance coverage.

5 Section 4. This act shall take effect July 1, 2001.

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8 HOUSE SUMMARY

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10 Authorizes individuals or entities licensed to sell
11 credit life or disability insurance to sell credit
12 insurance and revises requirements for licensure to sell
13 credit or disability insurance. Excludes sales of credit
14 insurance from application of a limitation on sales of
15 insurance by a loan officer of a financial institution in
16 connection with a loan transaction. Revises disclosure
17 requirements for sales of credit life insurance. See bill
18 for details.
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