

By Senator Peaden

1-430A-01

1 A bill to be entitled
 2 An act relating to credit insurance; amending
 3 s. 621.321, F.S.; authorizing the issuance of
 4 credit life insurance licenses to lending or
 5 financial institutions and authorizing such
 6 licensees to sell credit insurance; deleting
 7 certain license requirements for institutions
 8 with multiple offices; requiring an annual
 9 filing regarding current office addresses and
 10 other information; amending s. 626.9551, F.S.;
 11 exempting sales of credit insurance and credit
 12 property insurance from certain disclosure
 13 requirements regarding the sale of insurance in
 14 connection with the sale of services or
 15 personal property; amending s. 627.679, F.S.;
 16 requiring certain disclosures to credit life
 17 insurance purchasers regarding the cancellation
 18 of such coverage; providing an effective date.

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

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 22 Section 1. Paragraph (e) of subsection (1) of section
 23 626.321, Florida Statutes, is amended to read:

24 626.321 Limited licenses.--

25 (1) The department shall issue to a qualified
 26 individual, or a qualified individual or entity under
 27 paragraphs (c), (d), and (e), a license as agent authorized to
 28 transact a limited class of business in any of the following
 29 categories:

30 (e) Credit life or disability insurance.--License
 31 covering only credit life or disability insurance. The license

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

20 1. Is required to submit only one application for a
21 license under s. 626.171, excluding the requirements of s.
22 626.171(5), if the entity is regulated by the Department of
23 Banking and Finance, the Office of the Comptroller of the
24 Currency, or the Office of Thrift Supervision of the
25 Securities and Exchange Commission.

26 2. Is not required to obtain a license or appointment
27 for each office, branch office, or place of business using
28 ~~making use of the entity's business name by applying to the~~
29 ~~department for the license on a simplified form developed by~~
30 ~~rule of the department for this purpose. However, it must file~~
31 with the department on or before January 1 of each year in an

1 electronic format as specified by departmental rule, the
2 address and telephone number of each location where credit
3 life insurance is sold. Any change regarding such location
4 during the year must be reported to the department in the same
5 format, within 30 days after the change occurs.

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

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

18 626.9551 Favored agent or insurer; coercion of
19 debtors.--

20 (3) Paragraphs (2)(a), (b), (c), and (d) do not apply
21 to sales of insurance regulated under ss. 627.676-627.6845, s.
22 655.946, parts XV-XVI of chapter 627, or 12 U.S.C. ss.
23 4901-4910. Paragraph (2)(a) also does not apply to sales of
24 insurance, as defined in s. 624.605(1)(i) and (j).

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

27 627.679 Amount of insurance; disclosure.--

28 (1)(a) The amount of credit life insurance written
29 under one or more policies shall not exceed by more than \$5
30 the total of the payments of the specific contracts of
31 indebtedness in connection with which it is written, when the

1 indebtedness is repayable in substantially equal installments
2 or in one installment or a single payment.

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

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

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

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

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

29 4. That the borrower has 30 days after the date the
30 coverage takes effect to rescind the credit life insurance
31 coverage.

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Notwithstanding the required disclosures required by this paragraph, if the sale of credit life insurance is solicited or consummated telephonically, electronically, or by mail, the creditor or agent must, within 30 days after the date the coverage takes effect, be notified that he or she has 30 days after the date the disclosures have been received within which to rescind the credit life insurance coverage.

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

SENATE SUMMARY

Revises provisions relating to credit insurance. Authorizes certain financial and lending institutions to be issued licenses and to sell credit insurance. Deletes certain branch office license requirements and requires an annual filing. Exempts the sale of certain credit and credit property insurance disclosure requirements regarding the sale of insurance in connection with the sale of personal property and services. Requires certain disclosures regarding cancellation rights to credit life insurance purchasers. (See bill for details.)