

By the Committee on Banking and Insurance; and Senator Peaden

311-1499A-01

1 A bill to be entitled
2 An act relating to credit insurance; amending
3 s. 626.321, 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; amending s. 627.679,
9 F.S.; requiring certain disclosures to credit
10 life insurance purchasers regarding the
11 cancellation of such coverage; providing an
12 effective date.

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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:

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626.321 Limited licenses.--

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(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:

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(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 financial institution, and may authorize the sale
31 of such insurance only with respect to borrowers or debtors of

1 such lending or financing institution or creditor. However,
2 only the individual or entity whose tax identification number
3 is used in receiving or is credited with receiving the
4 commission from the sale of such insurance shall be the
5 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), if the entity is regulated by the Department of
17 Banking and Finance, the Office of the Comptroller of the
18 Currency, the Office of Thrift Supervision, or the Securities
19 and Exchange Commission.

20 2. Is required to obtain a license for each office,
21 branch office, or place of business making use of the entity's
22 business name by applying to the department for the license on
23 a simplified form developed by rule of the department for this
24 purpose.

25 3. Is not required to pay any additional application
26 fees for a license issued to the offices or places of business
27 referenced in subsection (2), but is required to pay the
28 license fee as prescribed in s. 624.501, be appointed under s.
29 626.112, and pay the prescribed appointment fee under s.
30 624.501. The license obtained under this paragraph shall be
31 posted at the business location for which it was issued so as

1 to be readily visible to prospective purchasers of such
2 coverage.

3 Section 2. Subsection (1) of section 627.679, Florida
4 Statutes, is amended to read:

5 627.679 Amount of insurance; disclosure.--

6 (1)(a) The amount of credit life insurance written
7 under one or more policies shall not exceed by more than \$5
8 the total of the payments of the specific contracts of
9 indebtedness in connection with which it is written, when the
10 indebtedness is repayable in substantially equal installments
11 or in one installment or a single payment.

12 (b) The total amount of credit life insurance on the
13 life of any debtor with respect to any loan or loans covered
14 in one or more insurance policies shall at no time exceed
15 \$50,000 with any one creditor, except that loans not exceeding
16 1 year's duration shall not be subject to such limits, and on
17 such loans not exceeding 1 year's duration, the limits of
18 coverage shall not exceed \$50,000 with any one insurer.

19 (c) Before any credit life insurance may be sold, the
20 creditor agent or agent shall obtain a separate written
21 acknowledgment with respect to each of the following:

22 1. That the borrower understands that he or she has
23 the option of assigning any other policy or policies the
24 borrower owns or may procure for the purpose of covering such
25 loan and that the policy need not be purchased from the
26 creditor agent in order to obtain the loan.

27 2. That the borrower understands that the credit life
28 coverage may be deferred if, at the time of application, the
29 borrower is unable to engage in employment or unable to
30 perform normal activities of a person of like age and sex, if
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1 the proposed credit life insurance policy contains this
2 restriction.

3 3. That the borrower understands that the benefits
4 under the policy will terminate when the borrower reaches a
5 certain age and that the borrower's age is accurately
6 represented on the application or policy.

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8 In lieu of the required written acknowledgments set forth in
9 this paragraph and s. 626.9551(2)(a), if the sale of credit
10 life insurance is solicited or consummated telephonically, the
11 creditor agent or agent shall provide written disclosures of
12 such options to the borrower within 30 days from the date the
13 coverage takes effect. The borrower must be notified that he
14 or she has 30 days from the date the disclosures are received
15 to rescind the credit life insurance coverage.

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

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18 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
19 COMMITTEE SUBSTITUTE FOR
20 SB 938

21 Restores current law which requires licensure and appointment
22 fees for branch offices of business entities.

23 Revises disclosures for borrowers who purchase credit life
24 insurance via telephone.

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