

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 or creditors and
6 authorizing such licensees to sell credit
7 insurance; deleting certain license
8 requirements for institutions with multiple
9 offices; amending s. 627.679, F.S.; requiring
10 certain disclosures to credit life insurance
11 purchasers regarding the cancellation of such
12 coverage; providing an 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:

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

1 borrowers or debtors of such lending or financing institution
2 or creditor. 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. The requirements of subsection (5)
16 of s. 626.171, shall only apply to the officers and directors
17 of the entity submitting the application.

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

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

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

3 627.679 Amount of insurance; disclosure.--

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

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

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

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

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

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

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

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