

By Senator Lawson

3-1667-02

1 A bill to be entitled
2 An act relating to insurance; amending s.
3 627.4555, F.S.; eliminating an exception from
4 certain secondary notice requirements; creating
5 s. 627.4587, F.S.; providing for notice of
6 certain information when premium payments reach
7 certain levels; creating s. 627.4588, F.S.;
8 providing procedures relating to claims
9 payment; creating s. 627.523, F.S.; providing
10 for notice of certain information when premium
11 payments reach certain levels; creating s.
12 627.524, F.S.; providing procedures relating to
13 claims payment; creating s. 627.525, F.S.;
14 prohibiting delivery or issuance of industrial
15 life insurance policies after a certain date;
16 providing for an effective date.

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18 Be It Enacted by the Legislature of the State of Florida:
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20 Section 1. Section 627.4555, Florida Statutes, is
21 amended to read:
22 627.4555 Secondary notice.--Except as provided in this
23 section, a contract for life insurance issued or issued for
24 delivery in this state on or after October 1, 1997, covering a
25 natural person 64 years of age or older, which has been in
26 force for at least 1 year, may not be lapsed for nonpayment of
27 premium unless, after expiration of the grace period, and at
28 least 21 days before the effective date of any such lapse, the
29 insurer has mailed a notification of the impending lapse in
30 coverage to the policyowner and to a specified secondary
31 addressee if such addressee has been designated in writing by

1 name and address by the policyowner. An insurer issuing a
2 life insurance contract on or after October 1, 1997, shall
3 notify the applicant of the right to designate a secondary
4 addressee at the time of application for the policy, on a form
5 provided by the insurer, and at any time the policy is in
6 force, by submitting a written notice to the insurer
7 containing the name and address of the secondary addressee.
8 For purposes of any life insurance policy that provides a
9 grace period of more than 51 days for nonpayment of premiums,
10 the notice of impending lapse in coverage required by this
11 section must be mailed to the policyowner and the secondary
12 addressee at least 21 days before the expiration of the grace
13 period provided in the policy. This section does not apply to
14 any life insurance contract issued before July 1, 2002, under
15 which premiums are payable monthly or more frequently and are
16 regularly collected by a licensed agent or are paid by credit
17 card or any preauthorized check processing or automatic debit
18 service of a financial institution.

19 Section 2. Section 627.4587, Florida Statutes, is
20 created to read:

21 627.4587 Required notice.--Each insurer that has in
22 force in this state a policy of life insurance with a face
23 amount of \$15,000 or less must:

24 (1) On the policy anniversary date when the cumulative
25 premiums paid equals or exceeds 250 percent of the face amount
26 of the policy, send notice indicating that fact and:

27 (a) Informing the policyholder or premium payor of the
28 amount of premium paid to date, the current cash value, the
29 amount of any outstanding loans, any applicable surrender
30 charges, and the death benefits payable; or

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1 (b) Notifying the policyholder or premium payor of a
2 toll-free telephone number where he or she may obtain this
3 information. If a policyholder or premium payor requests the
4 information, the insurer must provide a written reply within
5 60 days.

6 (2) On the policy anniversary date when the cumulative
7 premiums paid equals or exceeds 500 percent of the face amount
8 of the policy, send notice indicating that fact and:

9 (a) Informing the policyholder or premium payor of the
10 amount of premium paid to date, current cash value, amount of
11 any outstanding loans, any applicable surrender charges, and
12 the death benefits payable; or

13 (b) Notifying the policyholder or premium payor of a
14 toll-free telephone number where he or she may obtain this
15 information. If a policyholder or premium payor requests the
16 information, the insurer must provide a written reply within
17 60 days.

18 Section 3. Section 627.4588, Florida Statutes, is
19 created to read:

20 627.4588 Claim-payment procedures.--

21 (1) A life insurer shall adopt a written
22 claim-processing standard and methodology to process claims
23 being presented against a life insurance or accidental death
24 or dismemberment policy. The insurer shall perform an
25 electronic or manual search of its records when a claim is
26 filed to determine whether there is any other life insurance
27 policy that may provide other benefits due to the death of the
28 named insured, any endowment of an existing policy, or any
29 accidental death and dismemberment policy that provides
30 additional death benefits. The search must cover the period
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1 beginning 3 years before the recorded date of birth and ending
2 3 years after that date of birth and must include a search by:
3 (a) First and last name;
4 (b) First, middle, and last name;
5 (c) First name, middle initial, and last name;
6 (d) First initial, middle name, and last name;
7 (e) First and middle initial and last name;
8 (f) Social Security number, if available; and
9 (g) Any other identifiable number established for
10 identification purposes by the company.

11 (2) The life insurer, as part of its claim-processing
12 standard and methodology, shall also inquire, on every claim
13 form required to be filed by it, about other names by which
14 the insured may have been known, such as maiden name,
15 hyphenated name, nickname, derivative form of first or middle
16 name, or an alias. If the filer of the claim form includes
17 such additional information, the insurer must include that
18 information as part of its search for additional policies. The
19 insurer may acquire the required information by an addendum
20 attached to the claim form. However, within 1 year after the
21 effective date of this section, the information required must
22 be made a part of the claim form. Claim records shall be
23 maintained which demonstrate that the insurer has followed
24 these processing and methodology procedures.

25 Section 4. Section 627.523, Florida Statutes, is
26 created to read:

27 627.523 Notice requirements.--Each insurer that has in
28 force in this state a policy of industrial life must, on the
29 policy anniversary date, send to each policyholder or premium
30 payor a notice of the total amount of premiums paid, the cash
31 value, the amount of any outstanding loans, any applicable

1 surrender charge, and the death benefits payable. Notice shall
2 again be sent on the policy anniversary date when the
3 cumulative premiums paid exceed 250 percent of the face amount
4 of the policy and again on the policy anniversary date when
5 the cumulative premiums paid exceed 500 percent of the face
6 amount of the policy. Each notice must contain a toll-free
7 telephone number that the policyholder or premium payor may
8 call for information regarding the notice.

9 Section 5. Section 627.524, Florida Statutes, is
10 created to read:

11 627.524 Claim payment procedures.--

12 (1) A life insurer shall adopt a written
13 claim-processing standard and methodology to process claims
14 being presented against a life insurance or accidental death
15 or dismemberment policy. The insurer shall perform an
16 electronic or manual search of its records when a claim is
17 filed to determine whether there are any other life insurance
18 policies that may provide other benefits due to the death of
19 the named insured, any endowment of an existing policy, or any
20 accidental death and dismemberment policy that provides
21 additional death benefits. The search must cover the period
22 beginning 3 years before the recorded date of birth and ending
23 3 years after that date of birth, and must include a search
24 by:

25 (a) First and last name;

26 (b) First, middle, and last name;

27 (c) First name, middle initial, and last name;

28 (d) First initial, middle name, and last name;

29 (e) First and middle initial and last name;

30 (f) Social Security number, if available; and

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1 (g) Any other identifiable number established for
2 identification purposes by the company.

3 (2) The life insurer, as part of its claim-processing
4 standard and methodology, shall also inquire, on every claim
5 form required to be filed by it about other names by which the
6 insured may have been known, such as maiden name, hyphenated
7 name, nickname, derivative form of first or middle name or an
8 alias. If the filer of the claim form includes such additional
9 information on the claim form, the insurer must include that
10 information as part of its search for additional policies. The
11 insurer may acquire the required information by an addendum
12 attached to the claim form. However, 1 year after the
13 effective date of this section, the required information must
14 be made a part of the claim form. Claim records shall be
15 maintained which demonstrate that the insurer has followed
16 these processing and methodology procedures.

17 Section 6. Section 627.525, Florida Statutes, is
18 created to read:

19 627.525 Industrial life insurance
20 prohibited.--Industrial life insurance policies may not be
21 delivered or issued in this state on or after July 1, 2002.

22 Section 7. This act shall take effect July 1, 2002.

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25 SENATE SUMMARY

26 Revises provisions relating to insurance policies.
27 Exempts certain policies from certain secondary notice
28 requirements. Requires insurers to provide notice to
29 policyholders relating to certain policy accruals and
30 provisions on specified dates. Requires certain
31 claims-processing procedures to be established. Prohibits
 industrial life insurance. (See bill for details.)