

Amendment No. (for drafter's use only)

CHAMBER ACTION

Senate

House

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1 Representative(s) Brown offered the following:

2
3 **Substitute Amendment for Amendment (775501) (with directory**
4 **and title amendments)**

5 Remove lines 20-77 and insert:

6 Section 1. Paragraph (r) is added to subsection (1) of
7 section 624.605, Florida Statutes, to read:

8 624.605 "Casualty insurance" defined.--

9 (1) "Casualty insurance" includes:

10 (r) Insurance for debt cancellation products.--Insurance
11 that a creditor may purchase against the risk of financial loss
12 from the use of debt cancellation products with consumer loans
13 or leases or retail installment contracts.

14 1. For purposes of this paragraph, debt cancellation
15 products, including, but not limited to, debt cancellation
16 contracts, debt suspension agreements, and guaranteed asset
17 protection contracts, are loan or lease or retail installment

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18 contract terms, or modifications to loan, lease, or retail
19 installment contracts, under which a creditor agrees to cancel
20 or suspend all or part of a customer's obligation to make
21 payments upon the occurrence of specified events.

22 2. Debt cancellation products may be offered by financial
23 institutions, as defined in s. 655.005(1)(h), and including
24 insured depository institutions, as defined in 12 U.S.C. s.
25 1813(c), and subsidiaries thereof, as provided in the Financial
26 Institution Codes, or Motor Vehicle Retail Installment Sellers,
27 as defined in s. 520.02(15) or Retail Lessors, as defined in s.
28 521.003(8), Florida Statutes, and such products shall not
29 constitute insurance for purposes of the Florida Insurance Code.

30 Section 2. Subsection (3) of section 627.553, Florida
31 Statutes, is amended to read:

32 627.553 Debtor groups.--The lives of a group of
33 individuals may be insured under a policy issued to a creditor
34 or its parent holding company, or to a trustee or trustees or
35 agent designated by two or more creditors, which creditor,
36 holding company, affiliate, trustee or trustees, or agent shall
37 be deemed the policyholder, to insure debtors of the creditor or
38 creditors, subject to the following requirements:

39 (3) The amount of insurance on the life of any debtor
40 shall at no time exceed the amount owed by her or him which is
41 repayable in installments to the creditor ~~or \$50,000, whichever~~
42 ~~is less, except that loans not exceeding 1 year's duration shall~~
43 ~~not be subject to such limits. However, on such loans not~~
44 ~~exceeding 1 year's duration, the limit of coverage shall not~~
45 ~~exceed \$50,000 with any one insurer.~~

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46 Section 3. Paragraph (b) of subsection (1) of section
47 627.679, Florida Statutes, is amended to read:

48 627.679 Amount of insurance; disclosure.--

49 (1)

50 (b) The total amount of credit life insurance on the life
51 of any debtor with respect to any loan or loans covered in one
52 or more insurance policies shall at no time exceed the amount of
53 the indebtedness ~~\$50,000 with any one creditor, except that~~
54 ~~loans not exceeding 1 year's duration shall not be subject to~~
55 ~~such limits, and on such loans not exceeding 1 year's duration,~~
56 ~~the limits of coverage shall not exceed \$50,000 with any one~~
57 ~~insurer.~~

58 Section 4. Subsection (2) of section 627.681, Florida
59 Statutes, is amended to read:

60 627.681 Term and evidence of insurance.--

61 (2) The term of credit disability insurance on any debtor
62 insured under this section shall not exceed the term of
63 indebtedness ~~10 years, and for credit transactions that exceed~~
64 ~~60 months, coverage shall not exceed 60 monthly indemnities.~~

65 Section 5. Section 627.902, Florida Statutes, is amended
66 to read:

67 627.902 Premium financing by an insurer or subsidiary.--

68 (1) An insurer, a subsidiary of an insurer, or a
69 corporation under substantially the same management or control
70 as an authorized insurer or group of authorized insurers may
71 finance property, casualty, surety, and marine insurance
72 premiums on policies issued or business produced by such insurer
73 or insurers; however, any such insurer, subsidiary, or
74 corporation or group of insurers that charges a total service

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75 charge per year or rate of interest which is substantially more
76 than that provided in s. 627.901 shall be subject to part XV of
77 this chapter. Notwithstanding any other provision of law, an
78 insurer, a subsidiary of an insurer, or a corporation under
79 substantially the same management or control as an authorized
80 insurer or group of authorized insurers may charge one-half of
81 the additional charge provided in s. 627.840, and the charges
82 provided in s. 627.841.

83 (2) Nothing in this part or in part XV shall disallow or
84 otherwise apply to a discount for those who pay the entire
85 premium for the entire policy term at the inception of the term
86 if the discount is found to be actuarially justified by the
87 office and approved by the office pursuant to the provisions of
88 part I of this chapter. Such actuarially justified and approved
89 discount shall not be deemed a component of or related to
90 premium financing.

91 Section 6. Section 628.511, Florida Statutes, is amended
92 to read:

93 628.511 Clearing corporations ~~Book entry accounting~~
94 ~~system.~~--

95 (1) The purpose of this section is to authorize domestic
96 insurers to utilize modern systems for holding and transferring
97 securities without physical delivery of securities certificates,
98 subject to appropriate rules of the commission.

99 (2) The following terms are defined for use in this
100 section:

101 (a) "Securities" means instruments as defined in s.
102 678.1021.

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103 (b) "Clearing corporation" means a clearing corporation as
104 defined in s. 678.1021. The term "clearing corporation" also
105 includes "treasury/reserve automated debt entry securities
106 system" and "treasury direct" book-entry securities systems as
107 established pursuant to 31 U.S.C. ss. 3100 et seq., 12 U.S.C.
108 391 and 5 U.S.C. 301.

109 (c) "Custodian" ~~"Direct participant"~~ means a national
110 bank, state bank or trust company, or broker or dealer that
111 ~~which maintains an account in its name in a clearing corporation~~
112 ~~and through which an insurance company participates in a~~
113 clearing corporation.

114 ~~(d) "Federal Reserve book entry system" means the~~
115 ~~computerized systems sponsored by the United States Department~~
116 ~~of the Treasury and agencies and instrumentalities of the United~~
117 ~~States for holding and transferring securities of the United~~
118 ~~States Government and such agencies and instrumentalities,~~
119 ~~respectively, in Federal Reserve banks through banks which are~~
120 ~~members of the Federal Reserve System or which otherwise have~~
121 ~~access to such computerized systems.~~

122 ~~(e) "Member bank" means a national bank, state bank or~~
123 ~~trust company which is a member of the Federal Reserve System~~
124 ~~and through which an insurer participates in the Federal Reserve~~
125 ~~book entry system.~~

126 (3) Notwithstanding any other provision of law, a domestic
127 insurer may deposit or arrange for the deposit of securities
128 held in or purchased for its general account and its separate
129 accounts in a clearing corporation ~~or in the Federal Reserve~~
130 ~~book entry system.~~ When securities are deposited with a clearing
131 corporation, certificates representing securities of the same
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132 class of the same issuer may be merged and held in bulk in the
133 name of the nominee of such clearing corporation with any other
134 securities deposited with such clearing corporation by any
135 person, regardless of the ownership of such securities, and
136 certificates representing securities of small denominations may
137 be merged into one or more certificates of larger denominations.
138 The records of any custodian bank through which an insurer holds
139 securities ~~in the Federal Reserve book entry system, and the~~
140 ~~records of any custodian banks through which an insurer holds~~
141 ~~securities~~ in a clearing corporation, shall at all times show
142 that such securities are held for such insurer and for which
143 accounts thereof. Ownership of, and other interests in, such
144 securities may be transferred by bookkeeping entry on the books
145 of such clearing corporation ~~or in the Federal Reserve book-~~
146 ~~entry system~~ without, ~~in either case,~~ physical delivery of
147 certificates representing such securities.

148 (4) The commission may adopt rules governing the deposit
149 by insurers of securities with clearing corporations ~~and in the~~
150 ~~Federal Reserve book entry system.~~

151 Section 7. Section 655.947, Florida Statutes, is created
152 to read:

153 655.947 Debt cancellation products.--

154 (1) Debt cancellation products, including, but not limited
155 to, debt cancellation contracts, debt suspension agreements, and
156 guaranteed asset protection contracts, are loan or lease
157 contract terms, or modifications to loan or lease contracts,
158 under which a creditor agrees to cancel or suspend all or part
159 of a customer's obligation to make payments upon the occurrence
160 of specified events. Debt cancellation products may be offered,

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161 and a fee charged, by financial institutions and their
162 subsidiaries subject to the provisions of this section. As used
163 in this section, the term "financial institutions" includes
164 those as defined in s. 655.005(1)(h) and insured depository
165 institutions as defined in 12 U.S.C. s. 1813.

166 (2) The commission shall adopt rules to administer this
167 section, such rules shall be consistent with 12 CFR Part 37, as
168 amended.

169

170 ===== T I T L E A M E N D M E N T =====

171 Remove line 16 and insert:

172 insurance; amending 627.681, F.S.; revising a provision relating
173 to the term and evidence of insurance; amending s. 627.902,
174 F.S.; exempting certain lump-sum premium payments from
175 provisions relating to premium financing; amending s. 628.511,
176 F.S.; revising the definitions of the terms "clearing
177 corporation" and "custodian"; deleting definitions of the terms
178 "book entry system" and "member bank"; conforming changes;
179 amending s. 655.947, F.S.; providing what constitutes a debt
180 cancellation product; providing a definition; providing an
181 effective date.

182