

HB 1361

2006  
CS

CHAMBER ACTION

1 The Insurance Committee recommends the following:

2  
3 **Council/Committee Substitute**

4 Remove the entire bill and insert:

5 A bill to be entitled

6 An act relating to insurance; creating s. 624.6086, F.S.;  
7 defining the term "contractual liability insurance for  
8 debt cancellation products"; describing debt cancellation  
9 products; authorizing certain entities to offer debt  
10 cancellation products under certain circumstances; ;  
11 specifying such products as not constituting insurance;  
12 amending ss. 627.553 and 627.679, F.S.; revising certain  
13 limitations on certain amounts of life insurance on a  
14 debtor; amending s. 627.681, F.S.; revising a limitation  
15 on the term of credit disability insurance; providing an  
16 effective date.

17  
18 Be It Enacted by the Legislature of the State of Florida:

19  
20 Section 1. Section 624.6086, Florida Statutes, is created  
21 to read:

22 624.6086 Contractual liability insurance for debt  
23 cancellation products; definition; exception.--

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24       (1) The term "contractual liability insurance for debt  
25 cancellation products" means insurance that a creditor may  
26 purchase against the risk of financial loss from the use of debt  
27 cancellation products with consumer loans and leases. For  
28 purposes of this section, debt cancellation products, including,  
29 but not limited to, debt cancellation contracts, debt suspension  
30 agreements, and guaranteed asset protection contracts, are loan  
31 and lease contract terms, or modifications to loan or lease  
32 contracts, under which a creditor agrees to cancel or suspend  
33 all or part of a customer's obligation to make payments upon the  
34 occurrence of specified adverse events.

35       (2) Debt cancellation products may be offered by financial  
36 institutions, as defined in s. 655.005(1)(h), pursuant to the  
37 same terms and conditions as products offered by depository  
38 institutions, as defined in 12 U.S.C. s. 1813(c), or federal  
39 credit unions, as defined in 12 U.S.C. s. 1752(1), and such  
40 products shall not constitute insurance for purposes of the  
41 Florida Insurance Code.

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

44       627.553 Debtor groups.--The lives of a group of  
45 individuals may be insured under a policy issued to a creditor  
46 or its parent holding company, or to a trustee or trustees or  
47 agent designated by two or more creditors, which creditor,  
48 holding company, affiliate, trustee or trustees, or agent shall  
49 be deemed the policyholder, to insure debtors of the creditor or  
50 creditors, subject to the following requirements:

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

58 Section 3. Paragraph (b) of subsection (1) of section  
 59 627.679, Florida Statutes, is amended to read:

60 627.679 Amount of insurance; disclosure.--

61 (1)

62 (b) The total amount of credit life insurance on the life  
 63 of any debtor with respect to any loan or loans covered in one  
 64 or more insurance policies shall at no time exceed the amount of  
 65 the indebtedness ~~\$50,000 with any one creditor, except that~~  
 66 ~~loans not exceeding 1 year's duration shall not be subject to~~  
 67 ~~such limits, and on such loans not exceeding 1 year's duration,~~  
 68 ~~the limits of coverage shall not exceed \$50,000 with any one~~  
 69 ~~insurer.~~

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

72 627.681 Term and evidence of insurance.--

73 (2) The term of credit disability insurance on any debtor  
 74 insured under this section shall not exceed the term of  
 75 indebtedness ~~10 years, and for credit transactions that exceed~~  
 76 ~~60 months, coverage shall not exceed 60 monthly indemnities.~~

77 Section 5. This act shall take effect upon becoming a law.