

CHAMBER ACTION

1 The Commerce Council recommends the following:

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3 **Council/Committee Substitute**

4 Remove the entire bill and insert:

5 A bill to be entitled

6 An act relating to insurance; amending s. 624.605, F.S.;  
7 including debt cancellation products within the definition  
8 of the term "casualty insurance"; describing debt  
9 cancellation products; authorizing certain entities to  
10 offer debt cancellation products under certain  
11 circumstances; specifying such products as not  
12 constituting insurance; amending ss. 627.553 and 627.679,  
13 F.S.; revising certain limitations on certain amounts of  
14 life insurance on a debtor; amending s. 627.681, F.S.;  
15 revising a limitation on the term of credit disability  
16 insurance; providing an effective date.

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

19  
20 Section 1. Paragraph (r) is added to subsection (1) of  
21 section 624.605, Florida Statutes, to read:

22 624.605 "Casualty insurance" defined.--

23 (1) "Casualty insurance" includes:

24        (r) Insurance for debt cancellation products.--Insurance  
25 that a creditor may purchase against the risk of financial loss  
26 from the use of debt cancellation products with consumer loans  
27 and leases.

28        1. For purposes of this paragraph, debt cancellation  
29 products, including, but not limited to, debt cancellation  
30 contracts, debt suspension agreements, and guaranteed asset  
31 protection contracts, are loan and lease contract terms, or  
32 modifications to loan or lease contracts, under which a creditor  
33 agrees to cancel or suspend all or part of a customer's  
34 obligation to make payments upon the occurrence of specified  
35 adverse events.

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

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

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

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

59 Section 3. Paragraph (b) of subsection (1) of section  
 60 627.679, Florida Statutes, is amended to read:

61 627.679 Amount of insurance; disclosure.--

62 (1)

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

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

73 627.681 Term and evidence of insurance.--

74 (2) The term of credit disability insurance on any debtor  
 75 insured under this section shall not exceed the term of  
 76 indebtedness ~~10 years, and for credit transactions that exceed~~  
 77 ~~60 months, coverage shall not exceed 60 monthly indemnities.~~

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