

1 A bill to be entitled
2 An act relating to insurance; amending s. 624.605, F.S.;
3 including debt cancellation products within the definition
4 of the term "casualty insurance"; describing debt
5 cancellation products; authorizing certain entities to
6 offer debt cancellation products under certain
7 circumstances; specifying such products as not
8 constituting insurance; amending ss. 627.553 and 627.679,
9 F.S.; revising certain limitations on certain amounts of
10 life insurance on a debtor; amending s. 627.681, F.S.;
11 revising a limitation on the term of credit disability
12 insurance; amending 627.681, F.S.; revising a provision
13 relating to the term and evidence of insurance; amending
14 s. 627.902, F.S.; exempting certain lump-sum premium
15 payments from provisions relating to premium financing;
16 amending s. 628.511, F.S.; revising the definitions of the
17 terms "clearing corporation" and "custodian"; deleting
18 definitions of the terms "book entry system" and "member
19 bank"; conforming changes; amending s. 655.947, F.S.;
20 providing what constitutes a debt cancellation product;
21 providing a definition; providing an effective date.

22
23 Be It Enacted by the Legislature of the State of Florida:

24
25 Section 1. Paragraph (r) is added to subsection (1) of
26 section 624.605, Florida Statutes, to read:

27 624.605 "Casualty insurance" defined.--

28 (1) "Casualty insurance" includes:
 29 (r) Insurance for debt cancellation products.--Insurance
 30 that a creditor may purchase against the risk of financial loss
 31 from the use of debt cancellation products with consumer loans
 32 or leases or retail installment contracts.

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

41 2. Debt cancellation products may be offered by financial
 42 institutions, as defined in s. 655.005(1)(h), and including
 43 insured depository institutions, as defined in 12 U.S.C. s.
 44 1813(c), and subsidiaries thereof, as provided in the Financial
 45 Institution Codes, or Motor Vehicle Retail Installment Sellers,
 46 as defined in s. 520.02(15) or Retail Lessors, as defined in s.
 47 521.003(8), Florida Statutes, and such products shall not
 48 constitute insurance for purposes of the Florida Insurance Code.

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

51 627.553 Debtor groups.--The lives of a group of
 52 individuals may be insured under a policy issued to a creditor
 53 or its parent holding company, or to a trustee or trustees or
 54 agent designated by two or more creditors, which creditor,

55 holding company, affiliate, trustee or trustees, or agent shall
 56 be deemed the policyholder, to insure debtors of the creditor or
 57 creditors, subject to the following requirements:

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

65 Section 3. Paragraph (b) of subsection (1) of section
 66 627.679, Florida Statutes, is amended to read:

67 627.679 Amount of insurance; disclosure.--

68 (1)

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

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

79 627.681 Term and evidence of insurance.--

80 (2) The term of credit disability insurance on any debtor
 81 insured under this section shall not exceed the term of

82 ~~indebtedness 10 years, and for credit transactions that exceed~~
 83 ~~60 months, coverage shall not exceed 60 monthly indemnities.~~

84 Section 5. Section 627.902, Florida Statutes, is amended
 85 to read:

86 627.902 Premium financing by an insurer or subsidiary.--

87 (1) An insurer, a subsidiary of an insurer, or a
 88 corporation under substantially the same management or control
 89 as an authorized insurer or group of authorized insurers may
 90 finance property, casualty, surety, and marine insurance
 91 premiums on policies issued or business produced by such insurer
 92 or insurers; however, any such insurer, subsidiary, or
 93 corporation or group of insurers that charges a total service
 94 charge per year or rate of interest which is substantially more
 95 than that provided in s. 627.901 shall be subject to part XV of
 96 this chapter. Notwithstanding any other provision of law, an
 97 insurer, a subsidiary of an insurer, or a corporation under
 98 substantially the same management or control as an authorized
 99 insurer or group of authorized insurers may charge one-half of
 100 the additional charge provided in s. 627.840, and the charges
 101 provided in s. 627.841.

102 (2) Nothing in this part or in part XV shall disallow or
 103 otherwise apply to a discount for those who pay the entire
 104 premium for the entire policy term at the inception of the term
 105 if the discount is found to be actuarially justified by the
 106 office and approved by the office pursuant to the provisions of
 107 part I of this chapter. Such actuarially justified and approved

108 discount shall not be deemed a component of or related to
 109 premium financing.

110 Section 6. Section 628.511, Florida Statutes, is amended
 111 to read:

112 628.511 Clearing corporations ~~Book entry accounting~~
 113 ~~system.~~--

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

118 (2) The following terms are defined for use in this
 119 section:

120 (a) "Securities" means instruments as defined in s.
 121 678.1021.

122 (b) "Clearing corporation" means a clearing corporation as
 123 defined in s. 678.1021. The term "clearing corporation" also
 124 includes "treasury/reserve automated debt entry securities
 125 system" and "treasury direct" book-entry securities systems as
 126 established pursuant to 31 U.S.C. ss. 3100 et seq., 12 U.S.C.
 127 391 and 5 U.S.C. 301.

128 (c) "Custodian" ~~"Direct participant"~~ means a national
 129 bank, state bank or trust company, or broker or dealer that
 130 ~~which maintains an account in its name in a clearing corporation~~
 131 ~~and through which an insurance company participates in a~~
 132 clearing corporation.

133 ~~(d) "Federal Reserve book entry system" means the~~
 134 ~~computerized systems sponsored by the United States Department~~

135 ~~of the Treasury and agencies and instrumentalities of the United~~
136 ~~States for holding and transferring securities of the United~~
137 ~~States Government and such agencies and instrumentalities,~~
138 ~~respectively, in Federal Reserve banks through banks which are~~
139 ~~members of the Federal Reserve System or which otherwise have~~
140 ~~access to such computerized systems.~~

141 ~~(c) "Member bank" means a national bank, state bank or~~
142 ~~trust company which is a member of the Federal Reserve System~~
143 ~~and through which an insurer participates in the Federal Reserve~~
144 ~~book entry system.~~

145 (3) Notwithstanding any other provision of law, a domestic
146 insurer may deposit or arrange for the deposit of securities
147 held in or purchased for its general account and its separate
148 accounts in a clearing corporation ~~or in the Federal Reserve~~
149 ~~book entry system.~~ When securities are deposited with a clearing
150 corporation, certificates representing securities of the same
151 class of the same issuer may be merged and held in bulk in the
152 name of the nominee of such clearing corporation with any other
153 securities deposited with such clearing corporation by any
154 person, regardless of the ownership of such securities, and
155 certificates representing securities of small denominations may
156 be merged into one or more certificates of larger denominations.
157 The records of any custodian bank through which an insurer holds
158 ~~securities in the Federal Reserve book entry system, and the~~
159 ~~records of any custodian banks through which an insurer holds~~
160 ~~securities~~ in a clearing corporation, shall at all times show
161 that such securities are held for such insurer and for which

162 accounts thereof. Ownership of, and other interests in, such
163 securities may be transferred by bookkeeping entry on the books
164 of such clearing corporation ~~or in the Federal Reserve book-~~
165 ~~entry system~~ without, ~~in either case,~~ physical delivery of
166 certificates representing such securities.

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

170 Section 7. Section 655.947, Florida Statutes, is created
171 to read:

172 655.947 Debt cancellation products.--

173 (1) Debt cancellation products, including, but not limited
174 to, debt cancellation contracts, debt suspension agreements, and
175 guaranteed asset protection contracts, are loan or lease
176 contract terms, or modifications to loan or lease contracts,
177 under which a creditor agrees to cancel or suspend all or part
178 of a customer's obligation to make payments upon the occurrence
179 of specified events. Debt cancellation products may be offered,
180 and a fee charged, by financial institutions and their
181 subsidiaries subject to the provisions of this section. As used
182 in this section, the term "financial institutions" includes
183 those as defined in s. 655.005(1)(h) and insured depository
184 institutions as defined in 12 U.S.C. s. 1813.

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

188 Section 8. This act shall take effect upon becoming a law.