

Bill No. CS for SB 2522

Barcode 421392

	CHAMBER ACTION	
<u>Senate</u>		<u>House</u>

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3	Floor: WD/2R
4	05/02/2006 02:16 PM
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11 Senator Posey moved the following amendment:

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13 **Senate Amendment (with title amendment)**

14 Delete everything after the enacting clause

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16 and insert:

17 Section 1. Paragraph (r) is added to subsection (1) of

18 section 624.605, Florida Statutes, to read:

19 624.605 "Casualty insurance" defined.--

20 (1) "Casualty insurance" includes:

21 (r) Insurance for debt cancellation

22 products.--Insurance that a creditor may purchase against the

23 risk of financial loss from the use of debt cancellation

24 products with consumer loans or leases or retail installment

25 contracts.

26 1. For purposes of this paragraph, debt cancellation

27 products, including, but not limited to, debt cancellation

28 contracts, debt suspension agreements, and guaranteed asset

29 protection contracts, are loan or lease or retail installment

30 contract terms, or modifications to loan, lease, or retail

31 installment contracts, under which a creditor agrees to cancel

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1 or suspend all or part of a customer's obligation to make  
2 payments upon the occurrence of specified events.

3 2. Debt cancellation products may be offered by  
4 financial institutions, as defined in s. 655.005(1)(h), and  
5 including insured depository institutions, as defined in 12  
6 U.S.C. s. 1813(c), and subsidiaries thereof, as provided in  
7 the Financial Institution Codes, or Motor Vehicle Retail  
8 Installment Sellers, as defined in s. 520.02(15) or Retail  
9 Lessors, as defined in s. 521.003(8), Florida Statutes, and  
10 such products shall not constitute insurance for purposes of  
11 the Florida Insurance Code.

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

14 627.553 Debtor groups.--The lives of a group of  
15 individuals may be insured under a policy issued to a creditor  
16 or its parent holding company, or to a trustee or trustees or  
17 agent designated by two or more creditors, which creditor,  
18 holding company, affiliate, trustee or trustees, or agent  
19 shall be deemed the policyholder, to insure debtors of the  
20 creditor or creditors, subject to the following requirements:

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

28 Section 3. Paragraph (b) of subsection (1) of section  
29 627.679, Florida Statutes, is amended to read:

30 627.679 Amount of insurance; disclosure.--  
31 (1)

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1 (b) The total amount of credit life insurance on the  
 2 life of any debtor with respect to any loan or loans covered  
 3 in one or more insurance policies shall at no time exceed the  
 4 amount of the indebtedness \$50,000 with any one creditor,  
 5 ~~except that loans not exceeding 1 year's duration shall not be~~  
 6 ~~subject to such limits, and on such loans not exceeding 1~~  
 7 ~~year's duration, the limits of coverage shall not exceed~~  
 8 ~~\$50,000 with any one insurer.~~

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

11 627.681 Term and evidence of insurance.--

12 (2) The term of credit disability insurance on any  
 13 debtor insured under this section shall not exceed the term of  
 14 indebtedness 10 years, and for credit transactions that exceed  
 15 ~~60 months, coverage shall not exceed 60 monthly indemnities.~~

16 Section 5. Section 627.902, Florida Statutes, is  
 17 amended to read:

18 627.902 Premium financing by an insurer or  
 19 subsidiary.--

20 (1) An insurer, a subsidiary of an insurer, or a  
 21 corporation under substantially the same management or control  
 22 as an authorized insurer or group of authorized insurers may  
 23 finance property, casualty, surety, and marine insurance  
 24 premiums on policies issued or business produced by such  
 25 insurer or insurers; however, any such insurer, subsidiary, or  
 26 corporation or group of insurers that charges a total service  
 27 charge per year or rate of interest which is substantially  
 28 more than that provided in s. 627.901 shall be subject to part  
 29 XV of this chapter. Notwithstanding any other provision of  
 30 law, an insurer, a subsidiary of an insurer, or a corporation  
 31 under substantially the same management or control as an

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1 authorized insurer or group of authorized insurers may charge  
2 one-half of the additional charge provided in s. 627.840, and  
3 the charges provided in s. 627.841.

4 (2) Nothing in this part or in part XV shall disallow  
5 or otherwise apply to a discount for those who pay the entire  
6 premium for the entire policy term at the inception of the  
7 term if the discount is found to be actuarially justified by  
8 the office and approved by the office pursuant to the  
9 provisions of part I of this chapter. Such actuarially  
10 justified and approved discount shall not be deemed a  
11 component of or related to premium financing.

12 Section 6. Section 628.511, Florida Statutes, is  
13 amended to read:

14 628.511 Clearing corporations ~~Book entry accounting~~  
15 ~~system.--~~

16 (1) The purpose of this section is to authorize  
17 domestic insurers to utilize modern systems for holding and  
18 transferring securities without physical delivery of  
19 securities certificates, subject to appropriate rules of the  
20 commission.

21 (2) The following terms are defined for use in this  
22 section:

23 (a) "Securities" means instruments as defined in s.  
24 678.1021.

25 (b) "Clearing corporation" means a clearing  
26 corporation as defined in s. 678.1021. The term "clearing  
27 corporation" also includes "treasury/reserve automated debt  
28 entry securities system" and "treasury direct" book-entry  
29 securities systems as established pursuant to 31 U.S.C. ss.  
30 3100 et seq., 12 U.S.C. 391 and 5 U.S.C. 301.

31 (c) "Custodian" ~~"Direct participant"~~ means a national

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1 bank, state bank or trust company, or broker or dealer that  
 2 ~~which maintains an account in its name in a clearing~~  
 3 ~~corporation and through which an insurance company~~  
 4 participates in a clearing corporation.

5 ~~(d) "Federal Reserve book entry system" means the~~  
 6 ~~computerized systems sponsored by the United States Department~~  
 7 ~~of the Treasury and agencies and instrumentalities of the~~  
 8 ~~United States for holding and transferring securities of the~~  
 9 ~~United States Government and such agencies and~~  
 10 ~~instrumentalities, respectively, in Federal Reserve banks~~  
 11 ~~through banks which are members of the Federal Reserve System~~  
 12 ~~or which otherwise have access to such computerized systems.~~

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

17 (3) Notwithstanding any other provision of law, a  
 18 domestic insurer may deposit or arrange for the deposit of  
 19 securities held in or purchased for its general account and  
 20 its separate accounts in a clearing corporation ~~or in the~~  
 21 ~~Federal Reserve book entry system.~~ When securities are  
 22 deposited with a clearing corporation, certificates  
 23 representing securities of the same class of the same issuer  
 24 may be merged and held in bulk in the name of the nominee of  
 25 such clearing corporation with any other securities deposited  
 26 with such clearing corporation by any person, regardless of  
 27 the ownership of such securities, and certificates  
 28 representing securities of small denominations may be merged  
 29 into one or more certificates of larger denominations. The  
 30 records of any custodian ~~bank~~ through which an insurer holds  
 31 securities ~~in the Federal Reserve book entry system, and the~~

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1 ~~records of any custodian banks through which an insurer holds~~  
 2 ~~securities~~ in a clearing corporation, shall at all times show  
 3 that such securities are held for such insurer and for which  
 4 accounts thereof. Ownership of, and other interests in, such  
 5 securities may be transferred by bookkeeping entry on the  
 6 books of such clearing corporation ~~or in the Federal Reserve~~  
 7 ~~book-entry system~~ without, ~~in either case,~~ physical delivery  
 8 of certificates representing such securities.

9 (4) The commission may adopt rules governing the  
 10 deposit by insurers of securities with clearing corporations  
 11 ~~and in the Federal Reserve book-entry system.~~

12 Section 7. Section 655.947, Florida Statutes, is  
 13 created to read:

14 655.947 Debt cancellation products.--

15 (1) Debt cancellation products, including, but not  
 16 limited to, debt cancellation contracts, debt suspension  
 17 agreements, and guaranteed asset protection contracts, are  
 18 loan or lease contract terms, or modifications to loan or  
 19 lease contracts, under which a creditor agrees to cancel or  
 20 suspend all or part of a customer's obligation to make  
 21 payments upon the occurrence of specified events. Debt  
 22 cancellation products may be offered, and a fee charged, by  
 23 financial institutions and their subsidiaries subject to the  
 24 provisions of this section. As used in this section, the term  
 25 "financial institutions" includes those as defined in s.  
 26 655.005(1)(h) and insured depository institutions as defined  
 27 in 12 U.S.C. s. 1813.

28 (2) The commission shall adopt rules to administer  
 29 this section, such rules shall be consistent with 12 C.F.R.  
 30 part 37, as amended.

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

2 And the title is amended as follows:

3           Delete everything before the enacting clause

4

5 and insert:

6                           A bill to be entitled

7           An act relating to insurance; amending 627.681,

8           F.S.; revising a provision relating to the term

9           and evidence of insurance; amending s. 627.902,

10          F.S.; exempting certain lump-sum premium

11          payments from provisions relating to premium

12          financing; amending s. 628.511, F.S.; revising

13          the definitions of the terms "clearing

14          corporation" and "custodian"; deleting

15          definitions of the terms "book entry system"

16          and "member bank"; conforming changes; amending

17          s. 655.947, F.S.; providing what constitutes a

18          debt cancellation product; providing a

19          definition; providing an effective date.

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