

Bill No. CS for SB 2522

Barcode 641586

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

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Floor: WD/2R  
04/27/2006 08:09 PM

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 and leases.

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

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1 specified adverse events.

2           2. Debt cancellation products may be offered by  
3 financial institutions, as defined in s. 655.005(1)(h),  
4 pursuant to the same terms and conditions as products offered  
5 by depository institutions, as defined in 12 U.S.C. s.  
6 1813(c), or federal credit unions, as defined in 12 U.S.C. s.  
7 1752(1), and such products shall not constitute insurance for  
8 purposes of the Florida Insurance Code.

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

11           627.553 Debtor groups.--The lives of a group of  
12 individuals may be insured under a policy issued to a creditor  
13 or its parent holding company, or to a trustee or trustees or  
14 agent designated by two or more creditors, which creditor,  
15 holding company, affiliate, trustee or trustees, or agent  
16 shall be deemed the policyholder, to insure debtors of the  
17 creditor or creditors, subject to the following requirements:

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

25           Section 3. Paragraph (b) of subsection (1) of section  
26 627.679, Florida Statutes, is amended to read:

27           627.679 Amount of insurance; disclosure.--  
28           (1)

29           (b) The total amount of credit life insurance on the  
30 life of any debtor with respect to any loan or loans covered  
31 in one or more insurance policies shall at no time exceed the

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1 ~~amount of the indebtedness \$50,000 with any one creditor,~~  
 2 ~~except that loans not exceeding 1 year's duration shall not be~~  
 3 ~~subject to such limits, and on such loans not exceeding 1~~  
 4 ~~year's duration, the limits of coverage shall not exceed~~  
 5 ~~\$50,000 with any one insurer.~~

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

8 627.681 Term and evidence of insurance.--

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

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

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 16

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

18 And the title is amended as follows:

19 Delete everything before the enacting clause

20

21 and insert:

22 A bill to be entitled  
 23 An act relating to insurance; amending s.  
 24 624.605, F.S.; including debt cancellation  
 25 products within the definition of the term  
 26 "casualty insurance"; describing debt  
 27 cancellation products; authorizing certain  
 28 entities to offer debt cancellation products  
 29 under certain circumstances; specifying such  
 30 products as not constituting insurance;  
 31 amending ss. 627.553 and 627.679, F.S.;

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1           revising certain limitations on certain amounts  
2           of life insurance on a debtor; amending s.  
3           627.681, F.S.; revising a limitation on the  
4           term of credit disability insurance; providing  
5           an effective date.

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