By Senator Posey

24-1421-06

1	A bill to be entitled
2	An act relating to insurance; amending s.
3	624.605, F.S.; including insurance against the
4	risk of loss which is assumed by a creditor
5	under a debt-cancellation agreement or
6	debt-suspension agreement within the definition
7	of the term "casualty insurance"; amending s.
8	627.553, F.S.; revising the limitation on the
9	amount of debtor life insurance which may be
10	placed on a debtor in a debtor group; amending
11	s. 627.679, F.S.; revising the limitation on
12	the amount of credit life insurance which may
13	be placed on a debtor; amending ss. 627.351 and
14	766.314, F.S., relating to insurance risk
15	apportionment plans and assessments; conforming
16	cross-references; providing an effective date.
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18	Be It Enacted by the Legislature of the State of Florida:
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20	Section 1. Present paragraph (q) of subsection (1) of
21	section 624.605, Florida Statutes, is redesignated as
22	paragraph $(r)$ , and a new paragraph $(q)$ is added to that
23	subsection, to read:
24	624.605 "Casualty insurance" defined
25	(1) "Casualty insurance" includes:
26	(q) Debt-cancellation agreement and debt-suspension
27	agreement; contractual liability insurance Insurance against
28	the risk of financial loss from specified contractual events
29	which are assumed by a creditor under a debt-cancellation
30	agreement or debt-suspension agreement.
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Section 2. Subsection (3) of section 627.553, Florida 2 Statutes, is amended to read: 3 627.553 Debtor groups. -- The lives of a group of 4 individuals may be insured under a policy issued to a creditor or its parent holding company, or to a trustee or trustees or 5 agent designated by two or more creditors, which creditor, holding company, affiliate, trustee or trustees, or agent 8 shall be deemed the policyholder, to insure debtors of the creditor or creditors, subject to the following requirements: 9 10 (3) The amount of insurance on the life of any debtor shall at no time exceed the amount owed by her or him which is 11 12 repayable in installments to the creditor or \$50,000, 13 whichever is less, except that loans not exceeding 1 year's duration shall not be subject to such limits. However, on such 14 loans not exceeding 1 year's duration, the limit of coverage 15 shall not exceed \$50,000 with any one insurer. 16 17 Section 3. Paragraph (b) of subsection (1) of section 18 627.679, Florida Statutes, is amended to read: 627.679 Amount of insurance; disclosure.--19 20 (1)21 (b) The total amount of credit life insurance on the 22 life of any debtor with respect to any loan or loans covered 23 in one or more insurance policies shall at no time exceed the amount of the indebtedness.\$50,000 with any one creditor, 2.4 25 except that loans not exceeding 1 year's duration shall not be 26 subject to such limits, and on such loans not exceeding 1 27 year's duration, the limits of coverage shall not exceed 28 \$50,000 with any one insurer. Section 4. Paragraph (b) of subsection (4) of section 29 30 627.351, Florida Statutes, is amended to read: 31 627.351 Insurance risk apportionment plans.--

- (4) MEDICAL MALPRACTICE RISK APPORTIONMENT. --
- (b) Entities licensed to issue casualty insurance as defined in s. 624.605(1)(b), (k), and  $\underline{(r)(q)}$  and self-insurers authorized to issue medical malpractice insurance under s. 627.357 shall participate in the plan and shall be members of the Joint Underwriting Association.

Section 5. Paragraph (c) of subsection (5) of section 766.314, Florida Statutes, is amended to read:

766.314 Assessments; plan of operation.--

(5)

2.4

- (c)1. Taking into account the assessments collected pursuant to subsection (4) and appropriations from the Insurance Regulatory Trust Fund, if required to maintain the plan on an actuarially sound basis, the Office of Insurance Regulation shall require each entity licensed to issue casualty insurance as defined in s. 624.605(1)(b), (k), and (r)(q) to pay into the association an annual assessment in an amount determined by the office pursuant to paragraph (7)(a), in the manner required by the plan of operation.
- 2. All annual assessments shall be made on the basis of net direct premiums written for the business activity which forms the basis for each such entity's inclusion as a funding source for the plan in the state during the prior year ending December 31, as reported to the Office of Insurance Regulation, and shall be in the proportion that the net direct premiums written by each carrier on account of the business activity forming the basis for its inclusion in the plan bears to the aggregate net direct premiums for all such business activity written in this state by all such entities.

1	3. No entity listed in this paragraph shall be
2	individually liable for an annual assessment in excess of 0.25
3	percent of that entity's net direct premiums written.
4	4. Casualty insurance carriers shall be entitled to
5	recover their initial and annual assessments through a
6	surcharge on future policies, a rate increase applicable
7	prospectively, or a combination of the two.
8	Section 6. This act shall take effect effect July 1,
9	2006.
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12	SENATE SUMMARY
13	Limits the amount of debtor insurance that may be placed on a debtor in a debtor group and limits the amount of
14	credit life insurance that may be placed on a debtor. Provides a definition. (See bill for details.)
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