

Bill No. HB 7225, 2nd Eng.

Barcode 804122

CHAMBER ACTION

Senate

House

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Senator Posey moved the following **amendment to amendment**  
(974260):

**Senate Amendment (with title amendment)**

On page 128, between lines 18 and 19,

insert:

Section 42. Subsection (1) and paragraph (b) of  
subsection (2) of section 627.4133, Florida Statutes, are  
amended to read:

627.4133 Notice of cancellation, nonrenewal, or  
renewal premium.--

(1) Except as provided in subsection (2):

(a) An insurer issuing a policy providing coverage for  
workers' compensation and employer's liability insurance,  
property, casualty, except mortgage guaranty, surety, or  
marine insurance, other than motor vehicle insurance subject  
to s. 627.728, shall give the named insured at least 45 days'  
advance written notice of nonrenewal or of the renewal  
premium. If the policy is not to be renewed, the written  
notice shall state the reason or reasons as to why the policy

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1 is not to be renewed. This requirement applies only if the  
2 insured has furnished all of the necessary information so as  
3 to enable the insurer to develop the renewal premium prior to  
4 the expiration date of the policy to be renewed.

5 (b) An insurer issuing a policy providing coverage for  
6 property, casualty, except mortgage guaranty, surety, or  
7 marine insurance, other than motor vehicle insurance subject  
8 to s. 627.728 or s. 627.7281, shall give the named insured  
9 written notice of cancellation or termination other than  
10 nonrenewal at least 45 days prior to the effective date of the  
11 cancellation or termination, including in the written notice  
12 the reason or reasons for the cancellation or termination,  
13 except that:

14 1. When cancellation is for nonpayment of premium, at  
15 least 10 days' written notice of cancellation accompanied by  
16 the reason therefor shall be given. As used in this  
17 subparagraph, the term "nonpayment of premium" means failure  
18 of the named insured to discharge when due any of her or his  
19 obligations in connection with the payment of premiums on a  
20 policy or any installment of such premium, whether the premium  
21 is payable directly to the insurer or its agent or indirectly  
22 under any premium finance plan or extension of credit, or  
23 failure to maintain membership in an organization if such  
24 membership is a condition precedent to insurance coverage.

25 "Nonpayment of premium" also means the failure of a financial  
26 institution to honor an insurance applicant's check after  
27 delivery to a licensed agent for payment of a premium, even if  
28 the agent has previously delivered or transferred the premium  
29 to the insurer. If a dishonored check represents the initial  
30 premium payment, the contract and all contractual obligations  
31 shall be void ab initio unless the nonpayment is cured within

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1 the earlier of 5 days after actual notice by certified mail is  
 2 received by the applicant or 15 days after notice is sent to  
 3 the applicant by certified mail or registered mail, and if the  
 4 contract is void, any premium received by the insurer from a  
 5 third party shall be refunded to that party in full; and

6           2. When such cancellation or termination occurs during  
 7 the first 90 days during which the insurance is in force and  
 8 the insurance is canceled or terminated for reasons other than  
 9 nonpayment of premium, at least 20 days' written notice of  
 10 cancellation or termination accompanied by the reason therefor  
 11 shall be given except where there has been a material  
 12 misstatement or misrepresentation or failure to comply with  
 13 the underwriting requirements established by the insurer.

14  
 15 After the policy has been in effect for 90 days, no such  
 16 policy shall be canceled by the insurer except when there has  
 17 been a material misstatement, a nonpayment of premium, a  
 18 failure to comply with underwriting requirements established  
 19 by the insurer within 90 days of the date of effectuation of  
 20 coverage, or a substantial change in the risk covered by the  
 21 policy or when the cancellation is for all insureds under such  
 22 policies for a given class of insureds. ~~The provisions of This~~  
 23 subsection does ~~shall~~ not apply to individually rated risks  
 24 having a policy term of less than 90 days.

25           (c) If an insurer fails to provide the 45-day or  
 26 20-day written notice required under this section, the  
 27 coverage provided to the named insured shall remain in effect  
 28 until 45 days after the notice is given or until the effective  
 29 date of replacement coverage obtained by the named insured,  
 30 whichever occurs first. The premium for the coverage shall  
 31 remain the same during any such extension period except that,

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1 | in the event of failure to provide notice of nonrenewal, if  
 2 | the rate filing then in effect would have resulted in a  
 3 | premium reduction, the premium during such extension of  
 4 | coverage shall be calculated based upon the later rate filing.

5 |         (2) With respect to any personal lines or commercial  
 6 | residential property insurance policy, including, but not  
 7 | limited to, any homeowner's, mobile home owner's, farmowner's,  
 8 | condominium association, condominium unit owner's, apartment  
 9 | building, or other policy covering a residential structure or  
 10 | its contents:

11 |           (b) The insurer shall give the named insured written  
 12 | notice of nonrenewal, cancellation, or termination at least 90  
 13 | days prior to the effective date of the nonrenewal,  
 14 | cancellation, or termination. The notice must include the  
 15 | reason or reasons for the nonrenewal, cancellation, or  
 16 | termination, except that:

17 |           1. When cancellation is for nonpayment of premium, at  
 18 | least 10 days' written notice of cancellation accompanied by  
 19 | the reason therefor shall be given. As used in this  
 20 | subparagraph, the term "nonpayment of premium" means failure  
 21 | of the named insured to discharge when due any of her or his  
 22 | obligations in connection with the payment of premiums on a  
 23 | policy or any installment of such premium, whether the premium  
 24 | is payable directly to the insurer or its agent or indirectly  
 25 | under any premium finance plan or extension of credit, or  
 26 | failure to maintain membership in an organization if such  
 27 | membership is a condition precedent to insurance coverage.

28 | "Nonpayment of premium" also means the failure of a financial  
 29 | institution to honor an insurance applicant's check after  
 30 | delivery to a licensed agent for payment of a premium, even if  
 31 | the agent has previously delivered or transferred the premium

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1 to the insurer. If a dishonored check represents the initial  
 2 premium payment, the contract and all contractual obligations  
 3 shall be void ab initio unless the nonpayment is cured within  
 4 the earlier of 5 days after actual notice by certified mail is  
 5 received by the applicant or 15 days after notice is sent to  
 6 the applicant by certified mail or registered mail, and if the  
 7 contract is void, any premium received by the insurer from a  
 8 third party shall be refunded to that party in full.

9           2. When such cancellation or termination occurs during  
 10 the first 90 days during which the insurance is in force and  
 11 the insurance is canceled or terminated for reasons other than  
 12 nonpayment of premium, at least 20 days' written notice of  
 13 cancellation or termination accompanied by the reason therefor  
 14 shall be given except where there has been a material  
 15 misstatement or misrepresentation or failure to comply with  
 16 the underwriting requirements established by the insurer.

17  
 18 After the policy has been in effect for 90 days, the policy  
 19 shall not be canceled by the insurer except when there has  
 20 been a material misstatement, a nonpayment of premium, a  
 21 failure to comply with underwriting requirements established  
 22 by the insurer within 90 days of the date of effectuation of  
 23 coverage, or a substantial change in the risk covered by the  
 24 policy or when the cancellation is for all insureds under such  
 25 policies for a given class of insureds. This paragraph does  
 26 not apply to individually rated risks having a policy term of  
 27 less than 90 days.

28           Section 43. Paragraph (r) is added to subsection (1)  
 29 of section 624.605, Florida Statutes, to read:

30           624.605 "Casualty insurance" defined.--

31           (1) "Casualty insurance" includes:

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1        (r)1. Debt collection.--Insurance that a creditor may  
2 purchase against the risk of financial loss from the use of  
3 debt cancellation products with consumer loans and leases.  
4 Debt cancellation products, such as debt cancellation  
5 contracts, debt suspension agreements, and guaranteed asset  
6 protection contracts, are loan and lease contract terms, or  
7 modifications to loan or lease contracts, under which a  
8 creditor agrees to cancel or suspend all or part of a  
9 customer's obligation to make payments upon the occurrence of  
10 specified adverse events.

11        2. Debt cancellation products may be offered by  
12 financial institutions, as defined in s. 655.005(1)(h), under  
13 the same terms and conditions as depository institutions, as  
14 defined in 12 U.S.C. s. 1813(c), or federal credit unions, as  
15 defined in 12 U.S.C. s. 1752(1), and such agreements do not  
16 constitute insurance for purposes of the Florida Insurance  
17 Code.

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

20        627.553 Debtor groups.--The lives of a group of  
21 individuals may be insured under a policy issued to a creditor  
22 or its parent holding company, or to a trustee or trustees or  
23 agent designated by two or more creditors, which creditor,  
24 holding company, affiliate, trustee or trustees, or agent  
25 shall be deemed the policyholder, to insure debtors of the  
26 creditor or creditors, subject to the following requirements:

27        (3) The amount of insurance on the life of any debtor  
28 shall at no time exceed the amount owed by her or him which is  
29 repayable in installments to the creditor ~~or \$50,000,~~  
30 ~~whichever is less, except that loans not exceeding 1 year's~~  
31 ~~duration shall not be subject to such limits. However, on~~

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1 ~~such loans not exceeding 1 year's duration, the limit of~~  
2 ~~coverage shall not exceed \$50,000 with any one insurer.~~

3 Section 45. Paragraph (b) of subsection (1) of section  
4 627.679, Florida Statutes, is amended to read:

5 627.679 Amount of insurance; disclosure.--

6 (1)

7 (b) The total amount of credit life insurance on the  
8 life of any debtor with respect to any loan or loans covered  
9 in one or more insurance policies shall at no time exceed the  
10 amount of the indebtedness ~~\$50,000 with any one creditor,~~  
11 ~~except that loans not exceeding 1 year's duration shall not be~~  
12 ~~subject to such limits, and on such loans not exceeding 1~~  
13 ~~year's duration, the limits of coverage shall not exceed~~  
14 ~~\$50,000 with any one insurer.~~

15 Section 46. Subsection (2) of section 627.681, Florida  
16 Statutes, is amended to read:

17 627.681 Term and evidence of insurance.--

18 (2) The term of credit disability insurance on any  
19 debtor insured under this section shall not exceed the term of  
20 indebtedness ~~10 years, and for credit transactions that exceed~~  
21 ~~60 months, coverage shall not exceed 60 monthly indemnities.~~

22 Section 47. Paragraph (c) of subsection (1) of section  
23 627.728, Florida Statutes, is amended to read:

24 627.728 Cancellations; nonrenewals.--

25 (1) As used in this section, the term:

26 (c) "Nonpayment of premium" means failure of the named  
27 insured to discharge when due any of her or his obligations in  
28 connection with the payment of premiums on a policy or any  
29 installment of such premium, whether the premium is payable  
30 directly to the insurer or its agent or indirectly under any  
31 premium finance plan or extension of credit, or failure to

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1 maintain membership in an organization if such membership is a  
2 condition precedent to insurance coverage. "Nonpayment of  
3 premium" also means the failure of a financial institution to  
4 honor an insurance applicant's check after delivery to a  
5 licensed agent for payment of a premium, even if the agent has  
6 previously delivered or transferred the premium to the  
7 insurer. ~~;~~ ~~further,~~ If the dishonored check represents the  
8 initial premium payment, the contract and all contractual  
9 obligations shall be void ab initio unless the nonpayment is  
10 cured within the earlier of 5 days after actual notice by  
11 certified mail is received by the applicant or 15 days after  
12 notice is sent to the applicant by certified mail or  
13 registered mail, and if the contract is void, any premium  
14 received by the insurer from a third party shall be refunded  
15 to that party in full. If a dishonored check is made payable  
16 to the insurer, the insurer may cancel the policy in  
17 accordance with paragraph (3)(a).

18  
19 (Redesignate subsequent sections.)

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

23 And the title is amended as follows:

24           On page 140, line 25, after the semicolon,  
25  
26 insert:  
27           amending s. 627.4133, F.S.; defining the term  
28           "nonpayment of premium" for purposes of  
29           insurance contracts; amending s. 624.605, F.S.;  
30           defining insurance for debt cancellation  
31           products for purposes of the Florida Insurance



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1 Code; providing that debt cancellation products  
2 offered by financial institutions do not  
3 constitute insurance for purposes of the  
4 insurance code; amending ss. 627.553 and  
5 627.679, F.S.; revising limitations on certain  
6 amounts of life insurance on a debtor; amending  
7 s. 627.681, F.S.; revising a limitation on the  
8 term of credit disability insurance; amending  
9 s. 627.728, F.S.; redefining the term  
10 "nonpayment of premium" for purposes of motor  
11 vehicle and casualty insurance;

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