

1 amending s. 658.21, F.S.; requiring that the
2 lesser of 25 percent of a bank's capital or \$3
3 million be controlled by the organizing
4 directors of a bank upon application for
5 creation of such bank; amending s. 658.36,
6 F.S.; authorizing any state bank or trust
7 company to increase its capital stock after
8 filing a written notice at least 15 days prior
9 to such increase; amending s. 658.44, F.S.;
10 providing for the determination of the value of
11 dissenting shares of each constituent state
12 bank or trust company upon a merger of such
13 state bank or trust company; providing an
14 effective date.

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16 Be It Enacted by the Legislature of the State of Florida:

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18 Section 1. Paragraph (r) is added to subsection (1) of
19 section 624.605, Florida Statutes, to read:

20 624.605 "Casualty insurance" defined.--

21 (1) "Casualty insurance" includes:

22 (r) Debt cancellation products.--Insurance that a
23 creditor may purchase against the risk of financial loss from
24 the use of debt cancellation products with consumer loans or
25 leases or retail installment 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, lease, or retail installment
30 contract terms, or modifications to loan, lease, or retail
31 installment contracts, under which a creditor agrees to cancel

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 of such institutions, as
7 provided in the financial institution codes, or motor vehicle
8 retail installment sellers, as defined in s. 520.02(15) or
9 retail lessors, as defined in s. 521.003(8), and such products
10 shall not constitute insurance for purposes of the Florida
11 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 the debtor ~~her or~~
23 ~~him~~ which is repayable in installments to the creditor ~~or~~
24 ~~\$50,000, whichever is less, except that loans not exceeding 1~~
25 ~~year's duration shall not be subject to such limits. However,~~
26 ~~on such loans not exceeding 1 year's duration, the limit of~~
27 ~~coverage 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)

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 indebtedness~~\$50,000 with any one creditor, except~~
5 ~~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 655.0392, Florida Statutes, is
17 amended to read:

18 655.0392 Place of transacting business.--

19 (1) A financial institution may not establish or
20 maintain an office in this state on the premises or property
21 of an affiliate of such financial institution if the affiliate
22 engages in retail commercial activities.

23 (2) Any financial institution, except a credit union,
24 organized under the laws of this state or federal law may
25 apply for space in any building owned or leased by the state,
26 political subdivision, or municipality in the community or
27 political subdivision in which the financial institution does
28 business. The application must be addressed to the officer
29 charged with the allotment of space in such building, who, if
30 space is available, may allot the space at a commercially
31

1 reasonable rate. A credit union may apply for such space
2 under the provisions of s. 657.008(4).

3 Section 6. Section 655.947, Florida Statutes, is
4 created to read:

5 655.947 Debt cancellation products.--

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

19 (2) The commission shall adopt rules pursuant to ss.
20 120.536(1) and 120.54 to administer this section, which rules
21 must be consistent with 12 C.F.R. part 37, as amended.

22 Section 7. Subsection (2) of section 658.21, Florida
23 Statutes, is amended to read:

24 658.21 Approval of application; findings
25 required.--The office shall approve the application if it
26 finds that:

27 (2) The proposed capitalization is in such amount as
28 the office deems adequate, but in no case may the total
29 capital accounts at opening for a bank be less than \$6 million
30 if the proposed bank is to be located in any county which is
31 included in a metropolitan statistical area, or \$4 million if

1 the proposed bank is to be located in any other county. The
2 total capital accounts at opening for a trust company may not
3 be less than \$2 million. Of total capital accounts at opening,
4 as noted in the application or amendments or changes to the
5 application, ~~at least~~ 25 percent of the capital or \$3 million,
6 whichever is less, shall be directly owned or controlled by
7 the organizing directors of the bank. Directors of banks owned
8 by single-bank holding companies shall have direct ownership
9 or control of at least 25 percent of the bank holding
10 company's capital accounts. The office may disallow illegally
11 obtained currency, monetary instruments, funds, or other
12 financial resources from the capitalization requirements of
13 this section.

14 Section 8. Subsection (2) of section 658.36, Florida
15 Statutes, is amended to read:

16 658.36 Changes in capital.--

17 (2) ~~A Any~~ state bank or trust company may, ~~with the~~
18 ~~approval of the office,~~ provide for an increase in its capital
19 stock only if the state bank or trust company files a written
20 notice 15 days before the increase.

21 Section 9. Subsection (5) of section 658.44, Florida
22 Statutes, is amended to read:

23 658.44 Approval by stockholders; rights of dissenters;
24 preemptive rights.--

25 (5) The value of dissenting shares of each constituent
26 state bank or state trust company, the owners of which have
27 not accepted an offer for such shares made pursuant to
28 subsection (3), shall be determined as of the effective date
29 of the merger pursuant to ss. 607.1326 and 607.1331 ~~by three~~
30 ~~appraisers, one to be selected by the owners of at least~~
31 ~~two thirds of such dissenting shares, one to be selected by~~

1 ~~the board of directors of the resulting state bank, and the~~
2 ~~third to be selected by the two so chosen. The value agreed~~
3 ~~upon by any two of the appraisers shall control and be final~~
4 ~~and binding on all parties. If, within 90 days from the~~
5 ~~effective date of the merger, for any reason one or more of~~
6 ~~the appraisers is not selected as herein provided, or the~~
7 ~~appraisers fail to determine the value of such dissenting~~
8 ~~shares, the office shall cause an appraisal of such dissenting~~
9 ~~shares to be made which will be final and binding on all~~
10 ~~parties. The expenses of appraisal shall be paid by the~~
11 ~~resulting state bank or trust company.~~

12 Section 10. This act shall take effect July 1, 2007.

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15 SENATE SUMMARY

16 Expands the definition of the term "casualty insurance."
17 Removes a provision concerning the maximum amount for
18 which a creditor or its parent holding company may insure
19 the life of a debtor. Provides that the amount of credit
20 life insurance on the life of any debtor with respect to
21 certain loans may not exceed the amount of indebtedness.
22 Provides that the term of credit disability insurance on
23 certain debtors may not exceed the term of indebtedness.
24 Prohibits a financial institution from establishing or
25 maintaining an office on the property of an affiliate
26 that engages in retail commercial activities. Provides
27 that certain debt cancellation products are loan or lease
28 contract terms or modifications of a loan or lease
29 contract under which a creditor agrees to cancel or
30 suspend a customer's obligation to make payments upon the
31 occurrence of specified events. Authorizes financial
institutions and their subsidiaries to offer debt
cancellation products and charge a fee for such products.
Defines the term "financial institution." Requires the
Financial Services Commission to adopt rules. Requires
that the lesser of 25 percent of a bank's capital or \$3
million be controlled by the organizing directors of a
bank upon application for creation of such bank.
Authorizes any state bank or trust company to increase
its capital stock after filing a written notice at least
15 days prior to such increase. Provides for the
determination of the value of dissenting shares of each
constituent state bank or trust company upon a merger of
such state bank or trust company.