

1 A bill to be entitled

2 An act relating to debt cancellation products; amending s.
3 624.605, F.S.; including debt cancellation products under
4 casualty insurance; describing debt cancellation products;
5 authorizing certain entities to offer debt cancellation
6 products under certain circumstances; specifying such
7 products as not constituting insurance; amending s.
8 626.9541, F.S.; providing an additional exclusion from a
9 prohibition against free insurance for certain property
10 insurance; creating s. 655.947, F.S.; defining debt
11 cancellation products; authorizing financial institutions
12 to offer such products; authorizing a fee; requiring the
13 Financial Services Commission to adopt rules; amending s.
14 520.07, F.S.; requiring the commission to adopt rules for
15 the sale of such products by motor vehicle retail
16 installment sellers; 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. Paragraph (r) is added to subsection (1) of
21 section 624.605, Florida Statutes, to read:

22 624.605 "Casualty insurance" defined.--

23 (1) "Casualty insurance" includes:

24 (r) Debt cancellation products.--Insurance that a creditor
25 may purchase against the risk of financial loss from the use of
26 debt cancellation products with consumer loans or leases or
27 retail installment contracts.

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

36 2. Debt cancellation products may be offered by financial
37 institutions, as defined in s. 655.005(1)(h), and including
38 insured depository institutions, as defined in 12 U.S.C. s.
39 1813(c), and subsidiaries of such institutions, as provided in
40 the financial institution codes, or motor vehicle retail
41 installment sellers, as defined in s. 520.02(15) or retail
42 lessors, as defined in s. 521.003(8), and such products shall
43 not constitute insurance for purposes of the Florida Insurance
44 Code.

45 Section 2. Paragraph (n) of subsection (1) of section
46 626.9541, Florida Statutes, is amended to read:

47 626.9541 Unfair methods of competition and unfair or
48 deceptive acts or practices defined.--

49 (1) UNFAIR METHODS OF COMPETITION AND UNFAIR OR DECEPTIVE
50 ACTS.--The following are defined as unfair methods of
51 competition and unfair or deceptive acts or practices:

52 (n) Free insurance prohibited.--

53 1. Advertising, offering, or providing free insurance as
54 an inducement to the purchase or sale of real or personal

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55 | property or of services directly or indirectly connected with
 56 | such real or personal property.

57 | 2. For the purposes of this paragraph, "free" insurance
 58 | is:

59 | a. Insurance for which no identifiable and additional
 60 | charge is made to the purchaser of such real property, personal
 61 | property, or services.

62 | b. Insurance for which an identifiable or additional
 63 | charge is made in an amount less than the cost of such insurance
 64 | as to the seller or other person, other than the insurer,
 65 | providing the same.

66 | 3. Subparagraphs 1. and 2. do not apply to:

67 | a. Insurance of, loss of, or damage to the real or
 68 | personal property involved in any such sale or services, under a
 69 | policy covering the interests therein of the seller or vendor.

70 | b. Blanket disability insurance as defined in s. 627.659.

71 | c. Credit life insurance or credit disability insurance.

72 | d. Any individual, isolated, nonrecurring unadvertised
 73 | transaction not in the regular course of business.

74 | e. Title insurance.

75 | f. Any purchase agreement involving the purchase of a
 76 | cemetery lot or lots in which, under stated conditions, any
 77 | balance due is forgiven upon the death of the purchaser.

78 | g. Life insurance, trip cancellation insurance, or lost
 79 | baggage insurance offered by a travel agency as part of a travel
 80 | package offered by and booked through the agency.

81 | h. Insurance covering property, other than real property
 82 | or motor vehicles, if the person paying for the insurance:

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83 (I) Has an ongoing contractual interest or other economic
84 interest in the property; or

85 (II) Requires the property to deliver its services.

86 4. Using the word "free" or words which imply the
87 provision of insurance without a cost to describe life or
88 disability insurance, in connection with the advertising or
89 offering for sale of any kind of goods, merchandise, or
90 services.

91 Section 3. Section 655.947, Florida Statutes, is created
92 to read:

93 655.947 Debt cancellation products.--

94 (1) Debt cancellation products, including, but not limited
95 to, debt cancellation contracts, debt suspension agreements, and
96 guaranteed asset protection contracts, are loan or lease
97 contract provisions, or modifications to loan or lease
98 contracts, under which a creditor agrees to cancel or suspend
99 all or part of a customer's obligation to make payments upon the
100 occurrence of specified events. Debt cancellation products may
101 be offered, and a fee charged, by financial institutions and
102 their subsidiaries subject to the provisions of this section. As
103 used in this section, the term "financial institutions" includes
104 those as defined in s. 655.005(1) (h) and insured depository
105 institutions as defined in 12 U.S.C. s. 1813(c).

106 (2) The commission shall adopt rules pursuant to ss.
107 120.536(1) and 120.54 to administer this section, which rules
108 must be consistent with 12 C.F.R. part 37, as amended.

109 Section 4. Subsection (11) is added to section 520.07,
110 Florida Statutes, to read:

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111 | 520.07 Requirements and prohibitions as to retail
 112 | installment contracts.--

113 | (11) The commission shall adopt rules to administer the
 114 | sale of debt cancellation products as defined in s.
 115 | 624.605(1)(r) by motor vehicle retail installment sellers.

116 | Section 5. This act shall take effect July 1, 2007.