

Committee Substitute for Senate Bill No. 938

An act relating to credit insurance; amending s. 626.321, F.S.; authorizing the issuance of credit life insurance licenses to lending or financial institutions or creditors and authorizing such licensees to sell credit insurance; deleting certain license requirements for institutions with multiple offices; amending s. 627.679, F.S.; requiring certain disclosures to credit life insurance purchasers regarding the cancellation of such coverage; providing an effective date.

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

Section 1. Paragraph (e) of subsection (1) of section 626.321, Florida Statutes, is amended to read:

626.321 Limited licenses.—

(1) The department shall issue to a qualified individual, or a qualified individual or entity under paragraphs (c), (d), and (e), a license as agent authorized to transact a limited class of business in any of the following categories:

(e) Credit life or disability insurance.—License covering only credit life or disability insurance. The license may be issued only to an individual employed by a life or health insurer as an officer or other salaried or commissioned representative, ~~or to an individual employed by or associated with a lending or financial financing institution or creditor, or to a lending or financial institution or creditor,~~ and may authorize the sale of such insurance only with respect to borrowers or debtors of such lending or financing institution or creditor. However, only the individual or entity whose tax identification number is used in receiving or is credited with receiving the commission from the sale of such insurance shall be the licensed agent of the insurer. No individual while so licensed shall hold a license as an agent or solicitor as to any other or additional kind or class of life or health insurance coverage. An entity ~~other than a lending or financial institution defined in s. 655.005(1)(g), (h), or (p)~~ holding a limited license under this paragraph ~~is~~ shall also be authorized to sell credit insurance and credit property insurance. An entity applying for a license under this section:

1. Is required to submit only one application for a license under s. 626.171. The requirements of subsection (5) of s. 626.171, shall only apply to the officers and directors of the entity submitting the application.

2. Is required to obtain a license for each office, branch office, or place of business making use of the entity's business name by applying to the department for the license on a simplified form developed by rule of the department for this purpose.

3. Is not required to pay any additional application fees for a license issued to the offices or places of business referenced in subsection (2), but is required to pay the license fee as prescribed in s. 624.501, be appointed

under s. 626.112, and pay the prescribed appointment fee under s. 624.501. The license obtained under this paragraph shall be posted at the business location for which it was issued so as to be readily visible to prospective purchasers of such coverage.

Section 2. Subsection (1) of section 627.679, Florida Statutes, is amended to read:

627.679 Amount of insurance; disclosure.—

(1)(a) The amount of credit life insurance written under one or more policies shall not exceed by more than \$5 the total of the payments of the specific contracts of indebtedness in connection with which it is written, when the indebtedness is repayable in substantially equal installments or in one installment or a single payment.

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

(c) Before any credit life insurance may be sold, the creditor agent or agent shall obtain a separate written acknowledgment with respect to each of the following:

1. That the borrower understands that he or she has the option of assigning any other policy or policies the borrower owns or may procure for the purpose of covering such loan and that the policy need not be purchased from the creditor agent in order to obtain the loan.

2. That the borrower understands that the credit life coverage may be deferred if, at the time of application, the borrower is unable to engage in employment or unable to perform normal activities of a person of like age and sex, if the proposed credit life insurance policy contains this restriction.

3. That the borrower understands that the benefits under the policy will terminate when the borrower reaches a certain age and that the borrower's age is accurately represented on the application or policy.

In lieu of the required written acknowledgments set forth in this paragraph and s. 626.9551(2)(a), if the sale of credit life insurance is solicited or consummated telephonically, the creditor agent or agent shall provide written disclosures of such options to the borrower within 30 days from the date the coverage takes effect. The borrower must be notified that he or she has 30 days from the date the disclosures are received to rescind the credit life insurance coverage.

Section 3. This act shall take effect July 1, 2001.

Approved by the Governor May 31, 2001.

Filed in Office Secretary of State May 31, 2001.