

1 HB479
2 189317-1
3 By Representative Martin
4 RFD: Financial Services
5 First Read: 01-MAR-18

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8 SYNOPSIS: Existing law provides that if a guaranteed
9 asset protection waiver is canceled due to early
10 termination of the finance agreement, the creditor,
11 administrator, or other authorized party shall
12 provide any refund due to a borrower within 60 days
13 of termination without requiring the borrower to
14 request cancellation of the waiver.

15 This bill would extend the refund period to
16 120 days.

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18 A BILL
19 TO BE ENTITLED
20 AN ACT
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22 To amend Section 8-37-6 as added to the Code of
23 Alabama 1975, by Act 2017-392 (Acts 2017, 2017 Regular
24 Session) relating to guaranteed asset protection waivers; to
25 require a creditor or the administrator or retail seller of a
26 motor vehicle to provide, within 120 days of termination, any
27 refund due to a borrower if a guaranteed asset protection

1 waiver is canceled due to early termination of the finance
2 agreement without requiring the borrower to request
3 cancellation of the waiver.

4 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

5 Section 1. Section 8-37-6 as added to the Code of
6 Alabama 1975, by Act 2017-392 (Acts 2017, 2017 Regular
7 Session) is amended to read as follows:

8 "§8-37-6.

9 "(a) Guaranteed asset protection waiver agreements
10 shall be cancellable. GAP waivers shall provide that if a
11 borrower cancels a waiver within the Free Look Period, the
12 creditor, administrator, or other authorized party shall
13 provide the borrower a full refund of the purchase price of
14 the GAP waiver, provided no benefits have been provided. In
15 the event a borrower cancels the waiver after the Free Look
16 Period and no benefits have been provided, the creditor,
17 administrator, or other authorized party shall provide the
18 borrower a pro rata refund of the purchase price, less any
19 cancellation fee no greater than fifty dollars (\$50) in
20 accordance with the terms of the waiver.

21 "(b) In the event of cancellation of the GAP waiver
22 due to early termination of the finance agreement, the
23 creditor shall provide, or cause the administrator or retail
24 seller to provide, within ~~60~~ 120 days of termination, any
25 refund due to a borrower without requiring the borrower to
26 request cancellation of the waiver.

1 "(c) Any cancellation refund under subsection (a) or
2 (b) may be applied by the creditor as a reduction of the
3 amount owed under the finance agreement unless the borrower
4 can show that the finance agreement has been paid in full."

5 Section 2. This act shall become effective on the
6 first day of the third month following its passage and
7 approval by the Governor, or its otherwise becoming law.