

Bill Summary
2nd Session of the 58th Legislature

Bill No.:	SB 1743
Version:	CS
Request No.:	3528
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Date:	02/11/2022

Bill Analysis

The CS for SB 1743 provides that motor vehicle financial protection products may be offered to consumers in compliance with the provisions of this measure. Any amount charged or financed for a motor vehicle financial protection product is an authorized charge that must be separately stated and not be considered a financial charge or interest. Any seller offering debt waivers must insure its debt waiver obligations under a contractual liability or other insurance policy issued by an insurer as well as ensure the waiver remains a part of the finance agreement upon the assignment, sale, or transfer of the finance agreement. Such sales must be properly reported to designated parties. Debt waivers must also disclose the name of the initial creditor, the fact that it may be canceled within a free look period, the purchase price, procedures the borrower must follow, refund procedures, the methodology of calculating a refund, and that neither the extension of credit, the terms of the credit, nor the terms of the related motor vehicle sale or lease, may be conditioned upon the borrower's purchase of a debt waiver. Contract liabilities insuring debt waivers must state the obligation of the insurer to reimburse or pay to the creditor as well as remain in effect unless canceled or terminated in compliance with applicable insurance laws.

Vehicle value protection agreements, defined in the measure as a contractual agreement that provides a benefit towards either the reduction of some or all of the contract holder's current finance agreement deficiency balance, or towards the purchase or lease of a replacement motor vehicle or motor vehicle services, must utilize an administrator or other designee to be responsible for any and all of the administration of vehicle value protection agreements. Contract holders must be provided access to a copy of that vehicle value protection agreement. Vehicle value protection agreements must be insured, maintain a funded reserve account for its obligations, place in trust with the Commissioner a financial security deposit equal to 5% of the gross consideration received, or maintain an equity of \$100 million. Such agreements must also disclose information as outlined in the measure to the borrower. The Insurance Commissioner shall enforce the provisions of this measure and may levy a fine of no more than \$500.00 per violation or \$10,000.00 per aggravated violation.

The CS specifies that references to "Commissioner" shall mean the Insurance Commissioner and clarifies that "borrower" shall include any debtor, retail buyer, or lessee, under a finance agreement.

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