



**Title:** Connecticut House Bill 5385

**Subject:** GAP Waivers

**Summary:**

Connecticut House Bill 5385 as introduced contains language based largely on GAPA's historic model act. GAPA and MVPPA are seeking amendments to add vehicle value protection products as well as amend the service contract law to expressly authorize the MVPPA suite of products. The bill as drafted codifies that:

- GAP waiver is not insurance;
- GAP waiver must be optional; the extension of or terms of credit or lease may not be conditioned upon the purchase of a GAP waiver;
- GAP Waiver remains part of the finance agreement upon assignment, sale, or transfer of such agreement by a creditor.

The bill requires:

- Certain disclosures;
- A free look period;
- Methods for cancellation after the free look period;
- Dealers to insure their obligations with a CLIP; CLIP is optional for other creditors and for gap waivers on leases;
- Specifications for a CLIP;
- The cost of a TILA compliant GAP waiver be separately stated and is not considered a finance charge or interest.

The bill establishes:

- An exemption from required disclosures for commercial transactions;
- Penalties for violations;

- Enforcement and rulemaking authority under the Commissioner of Consumer Protection.

If enacted this act shall take effect on January 1, 2023.

Date Filed: 03/07/2022

Date/Type of Last Action: 03/07/2022 Referred to Joint Committee on  
Insurance and Real Estate

03/09/2022 Public Hearing 3/15