



SPONSOR: Rep. Bush & Sen. Mantzavinos
Rep. Cooke; Sen. Walsh

HOUSE OF REPRESENTATIVES
151st GENERAL ASSEMBLY

HOUSE BILL NO. 429

AN ACT TO AMEND TITLE 18 OF THE DELAWARE CODE RELATING TO MOTOR VEHICLE FINANCIAL PROTECTION PRODUCTS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

1 Section 1. Amend § 917, Title 18 of the Delaware Code as shown by making deletions as shown by strike through
2 and insertions as shown by underline as follows and by redesignating accordingly:

3 § 917. Definitions.

4 For purposes of this ~~section~~, subchapter, the following terms shall have the following meaning:

5 (2) “Guaranteed asset protection waiver” means a contractual agreement wherein a creditor agrees, with or
6 without a separate charge, to cancel or waive all or part of the following:

7 a. Amounts due on a borrower’s motor vehicle finance agreement in the event of a total physical damage
8 loss or unrecovered theft of the motor vehicle, which agreement must be part of, or a separate addendum to, the
9 finance agreement.

10 b. The excess wear and use charges owed by the borrower to the creditor under a motor vehicle lease
11 contract when the borrower returns a leased vehicle to the creditor at termination of the lease, which agreement
12 must be part of, or a separate addendum to, the lease contract.

13 (6) ~~(5)~~ “Service contract” means a contract or agreement for a separately stated consideration for any duration
14 to perform the repair, replacement, or maintenance of a consumer product or indemnification for the same, for the
15 operational or structural failure of a consumer product due to a defect in materials, workmanship, accidental damage
16 from handling, or normal wear and tear, with or without additional provisions for incidental payment of indemnity
17 under limited circumstances, including towing, rental, and emergency road service and road hazard protection. Service
18 contracts may provide for the repair, replacement, or maintenance of a consumer product for damage resulting from
19 power surges or interruption. Service contract also includes a contract or agreement sold for a separately stated
20 consideration for a specific duration that provides for any of the following:

21 f. The reduction of some or all of the amounts due on a consumer’s finance agreement in the event of a
22 total physical damage loss or unrecovered theft of a motor vehicle.

23 g. Other services or products which may be approved by the Commissioner.

24 Section 2. Amend § 918, Title 18 of the Delaware Code as shown by making deletions as shown by strike through
25 and insertions as shown by underline as follows:

26 § 918. Exemption from insurance regulation.

27 The offering, sale, or issuance of a guaranteed asset protection waiver, service contract, vehicle theft protection
28 product warranty, or maintenance agreement shall not be considered insurance or subject to the insurance laws of this State
29 unless made expressly applicable thereto.

SYNOPSIS

This Act adds a “guaranteed asset protection waiver” to the instruments that are exempt from insurance regulation.