



**Title:** Kansas House Bill 2622

**Subject:** GAP Waivers and Vehicle Value Protection Agreements

**Summary:**

Kansas House Bill 2638 is GAPA's initiative to create a statutory framework for motor vehicle financial protection products. The bill largely follows the GAPA model act as it:

- Authorizes the issuance of debt waivers and vehicle value protection agreements;
- Establishes disclosure requirements;
- Mandates a minimum 30-day "free-look" period;
- States that in order to receive an early termination refund on a gap waiver, the borrower must provide a written request;
- Provides for enforcement under the Commissioner of Insurance;
- Provides financial responsibility requirements;
- Requires retail sellers to insure their GAP obligations with a CLIP; CLIP is optional for other creditors and for gap waivers on leases;
- Prohibits mandating purchase of a financial protection product as a condition of sale, lease, or financing of a motor vehicle; and
- States that motor vehicle financial protection products agreements are not insurance and are exempt from insurance regulation.

The bill places administration and enforcement under the consumer and mortgage lending division of the office of the state bank commissioner.

The legislation differs structurally from the model act in that in this bill places all the definitions in one section. The bill distinguishes between "debt waiver administrator" and "vehicle value protection agreement administrator" by defining and using those terms separately where necessary.

The bill differs from the model act in that it does not extend the insurance exemption to motor vehicle financial protection products issued prior to the date of enactment.

If passed, this bill will be effective after publication on July 1, 2022.

Date Filed: 02/08/2022

Date/Type of Last Action: 02/08/2022 Introduced, referred to Committee

on Financial Institutions and Rural  
Development  
02/14/2022 Hearing: Monday, February 14,  
2022, 9:00 AM Room 218-N -  
CANCELED  
02/23/2022 Withdrawn from Committee on  
Financial Institutions and Rural  
Development; Referred to  
Committee on Appropriations  
03/01/2022 Withdrawn from Committee on  
Appropriations; Rereferred to  
Committee on Financial Institutions  
and Rural Development  
03/09/2022 Hearing: Wednesday, March 9,  
2022, 9:00 AM Room 218-N -  
CANCELED  
03/23/2022 Died in Committee