

THE FLORIDA SENATE
2024 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/CS/SB 902 — Motor Vehicle Retail Financial Agreements

by Commerce and Tourism Committee; Banking and Insurance Committee; and Senator Boyd

Vehicle Value Protection Agreements

The bill creates the “Florida Vehicle Value Protection Agreements Act” (the “Florida Act”), which includes:

- Definitions of the terms: administrator, commercial transaction, consumer, contract holder, finance agreement, free look period, motor vehicle, provider, and vehicle value protection agreement. A “vehicle value protection agreement” (VVPA) is a contractual agreement that provides a benefit toward either the reduction of some or all of the contract holder’s current finance agreement deficiency balance, or the purchase or lease of a replacement motor vehicle upon the occurrence of an adverse event to the vehicle. The term does not include guaranteed asset protection products, and the product is not insurance.
- Requirements for offering VVPAs, including provisions regarding restricting the type of charges, prohibiting certain conditional sales, utilizing an administrator, providing a copy of the agreement, prohibiting sales with duplicative coverage, and providing for financial security requirements;
- The nature, extent, and type of disclosures required in VVPAs;
- Penalties for violating the Florida Act, which include noncriminal violations punishable by a fine per violation or in the aggregate for all “violations of a similar nature,” which is defined in the bill; and
- Exemption of VVPAs offered in connection with a commercial transaction from the disclosure and penalty provisions of the Florida Act.

Excess Wear and Use Waivers

The bill authorizes a retail lessee to contract with a retail lessor for an “excess wear and use waiver,” which is an agreement wherein the lessor agrees to cancel all or part of amounts that may become due under the lease because of excessive wear and use of a motor vehicle. The bill prohibits the terms of the related motor vehicle lease from being conditioned upon the consumer’s payment for any excess wear and use waiver, except such waiver may be discounted or given at no charge for the purchase of other noncredit-related goods or services. A lease agreement that includes an excess wear and use waiver must contain certain disclosures. An excess wear and use waiver is not insurance for purposes of the Florida Insurance Code.

Guaranteed Asset Protection Products

The bill amends the definition of “guaranteed asset protection product” (“GAP product,”) which is an agreement by which a creditor agrees to waive a customer’s liability for any debt that exceed the value of the collateral, to specify that a GAP product:

- May be with or without a separate charge;

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- May cancel, rather than just waive, the customer's liability;
- Applies when a motor vehicle incurs total physical damage or is subject to an unrecovered theft; and
- May provide a benefit that waives a portion of, or provides a customer with a credit toward, the purchase of a replacement vehicle.

The bill also amends the provisions regarding GAP products to:

- Provide for the refund of all unearned portions of the purchase price of a contract for a GAP product if the contract is terminated, unless the contract provides otherwise;
- Prohibit an entity from deducting more than \$75 in administrative fees from a refund;
- Provide that a GAP product may be cancelable or noncancelable after a "free-look period" defined in the bill; and
- Provide that if a termination of a GAP product occurs for a specified reason, the entity may pay any refund directly to the holder or administrator, and deduct the refund amount from the amount owed under the retail installment contract except if such contract has been paid in full.

If approved by the Governor, or allowed to become law without the Governor's signature, these provisions take effect October 1, 2024.

Vote: Senate 40-0; House 113-0