

1                                   A bill to be entitled  
2           An act relating to asset protection products; amending  
3           s. 520.02, F.S.; revising the definition of the term  
4           "guaranteed asset protection product"; amending s.  
5           520.07, F.S.; providing that an entity may offer a  
6           buyer a contract that does not provide for a refund  
7           only if the entity also offers that buyer a bona fide  
8           option to purchase a comparable contract that provides  
9           for a refund; providing requirements for guaranteed  
10          asset protection products; creating a new part II of  
11          chapter 520, F.S., entitled "Vehicle Value Protection  
12          Agreements"; creating s. 520.1501, F.S.; providing a  
13          short title; creating s. 520.1502, F.S.; providing  
14          definitions; creating s. 520.1503, F.S.; providing  
15          requirements for offering vehicle value protection  
16          agreements for personal use vehicles; creating s.  
17          520.1504, F.S.; providing disclosure requirements;  
18          creating s. 520.1505, F.S.; exempting certain  
19          commercial transactions; creating s. 520.1506, F.S.;  
20          providing penalties for violations; amending s.  
21          521.003, F.S.; defining the term "excess wear and use  
22          waiver"; creating s. 521.007, F.S.; providing for  
23          extended wear and use waivers in motor vehicle lease  
24          agreements; providing requirements; amending ss.  
25          24.118, 501.604, and 671.304, F.S.; conforming

26 |           provisions to changes made by the act; providing an  
 27 |           effective date.

28 |

29 | Be It Enacted by the Legislature of the State of Florida:

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31 |           Section 1. Subsection (7) of section 520.02, Florida  
 32 | Statutes, is amended to read:

33 |           520.02 Definitions.—In this act, unless the context or  
 34 | subject matter otherwise requires:

35 |           (7) "Guaranteed asset protection product" means a loan,  
 36 | lease, or retail installment contract term, or modification or  
 37 | addendum to a loan, lease, or retail installment contract, under  
 38 | which a creditor agrees with or without a separate charge, to  
 39 | cancel or waive a customer's liability for payment of some or  
 40 | all of the amount by which the debt exceeds the value of the  
 41 | collateral that has incurred total physical damage or is the  
 42 | subject of an unrecovered theft. A guaranteed asset protection  
 43 | product may also provide, with or without a separate charge, a  
 44 | benefit that waives a portion of, or provides a customer with a  
 45 | credit towards, the purchase of a replacement motor vehicle.

46 | Such a product is not insurance for purposes of the Florida  
 47 | Insurance Code. This subsection also applies to all guaranteed  
 48 | asset protection and related products issued before October 1,  
 49 | 2008.

50 |           Section 2. Paragraph (g) of subsection (11) of section

51 520.07, Florida Statutes, is amended, and paragraphs (h) and (i)  
52 are added to that subsection, to read:

53 520.07 Requirements and prohibitions as to retail  
54 installment contracts.—

55 (11) In conjunction with entering into any new retail  
56 installment contract or contract for a loan, a motor vehicle  
57 retail installment seller as defined in s. 520.02, a sales  
58 finance company as defined in s. 520.02, or a retail lessor as  
59 defined in s. 521.003, and any assignee of such an entity, may  
60 offer, for a fee or otherwise, optional guaranteed asset  
61 protection products in accordance with this chapter. The motor  
62 vehicle retail installment seller, sales finance company, retail  
63 lessor, or assignee may not require the purchase of a guaranteed  
64 asset protection product as a condition for making the loan. In  
65 order to offer any guaranteed asset protection product, a motor  
66 vehicle retail installment seller, sales finance company, or  
67 retail lessor, and any assignee of such an entity, shall comply  
68 with the following:

69 (g) If a contract for a guaranteed asset protection  
70 product is terminated, the entity shall refund to the buyer any  
71 unearned fees paid for the contract unless the contract provides  
72 otherwise. A refund is not due to a consumer who receives a  
73 benefit under such product. In order to receive a refund, the  
74 buyer must notify the entity of the event terminating the  
75 contract and request a refund within 90 days after the

76 occurrence of the event terminating the contract. An entity may  
77 offer a buyer a contract that does not provide for a refund only  
78 if the entity also offers that buyer a bona fide option to  
79 purchase a comparable contract that provides for a refund. An  
80 entity may offer a buyer a contract that does not provide for a  
81 refund only if the entity also offers that buyer a bona fide  
82 option to purchase a comparable contract that provides for a  
83 refund. Except for refunds pursuant to paragraph (h), an  
84 administrative fee deducted from a refund under this section may  
85 not exceed \$75.

86 (h) Guaranteed asset protection products may be cancelable  
87 or noncancelable after a free look period, which is the period  
88 of time from the effective date of the contract until the date  
89 the contract may be canceled by the buyer without penalty, fees,  
90 or costs, so long as no benefits have been provided. This period  
91 may not be less than 30 days.

92 (i) If the termination of the guaranteed asset protection  
93 product occurs because of a default under the retail installment  
94 contract or contract for a loan, or the repossession of the  
95 motor vehicle associated with the retail installment contract or  
96 contract for a loan, or any other termination of the retail  
97 installment contract or contract for a loan, any refund due may  
98 be paid directly to the holder or administrator and applied as a  
99 reduction of the amount owed under the retail installment  
100 contract or contract for a loan, unless the buyer can show that

101 the retail installment contract has been paid in full.

102 Section 3. Parts II through VI of chapter 520, Florida  
 103 Statutes, are redesignated as parts III through VII,  
 104 respectively.

105 Section 4. Part II of chapter 520, Florida Statutes,  
 106 consisting of ss. 520.1501-520.1506, F.S., is created to read:

107 Part II

108 Vehicle Value Protection Agreements

109 520.1501 Florida Vehicle Value Protection Agreements Act.—

110 This part may be cited as the "Vehicle Value Protection  
 111 Agreements Act."

112 520.1502 Definitions.—As used in this part, the term:

113 (1) "Administrator" means the person responsible for the  
 114 administrative or operational function of vehicle value  
 115 protection agreements, including, but not limited to, the  
 116 adjudication of claims or benefit requests by contract holders.

117 (2) "Commercial" means a transaction wherein the motor  
 118 vehicle will be primarily used for business or commercial  
 119 purposes.

120 (3) "Commission" means the Financial Services Commission.

121 (4) "Contract holder" means a person who is the purchaser  
 122 or holder of a vehicle value protection agreement.

123 (5) "Finance agreement" means a loan, retail installment  
 124 sales contract, or lease for the purchase, refinancing, or lease  
 125 of a motor vehicle.

126 (6) "Motor vehicle" has the same meaning as in s. 316.003.

127 (7) "Provider" means a person that is obligated to provide  
 128 a benefit under a vehicle value protection agreement. A provider  
 129 may perform as an administrator or retain the services of a  
 130 third-party administrator.

131 (8) "Vehicle value protection agreement" includes a  
 132 contractual agreement that provides a benefit towards either the  
 133 reduction of some or all of the contract holder's current  
 134 finance agreement deficiency balance or the purchase or lease of  
 135 a replacement motor vehicle or motor vehicle services, upon the  
 136 occurrence of an adverse event to the motor vehicle, including,  
 137 but not limited to, loss, theft, damage, obsolescence,  
 138 diminished value, or depreciation. The agreements do not include  
 139 guaranteed asset protection products as described in s.  
 140 520.07(11) (h). Such an agreement is not insurance for the  
 141 purposes of the Florida Insurance Code.

142 520.1503 Requirements for offering vehicle value  
 143 protection agreements for personal use vehicles.—

144 (1) Vehicle value protection agreements may be offered,  
 145 sold, or given to consumers in this state in compliance with  
 146 this part.

147 (2) Notwithstanding any other provision of law, any amount  
 148 charged or financed for a vehicle value protection product must  
 149 be separately stated and is not to be considered a finance  
 150 charge or interest.

151 (3) The extension of credit, the terms of credit, and the  
152 terms of the related motor vehicle sale or lease may not be  
153 conditioned upon the consumer's payment for or financing of any  
154 charge for a vehicle value protection agreement. However,  
155 vehicle value protection agreements may be discounted or given  
156 at no charge in connection with the purchase of other noncredit  
157 related goods or services.

158 (4) A provider may, but is not required to, use an  
159 administrator or other designee who shall be responsible for any  
160 and all of the administration of vehicle value protection  
161 agreements in compliance with this part.

162 (5) A vehicle value protection agreement shall not be sold  
163 unless the contract holder has been or will be provided access  
164 to a copy of the vehicle value protection agreement.

165 (6) A vehicle value protection agreement may not be sold  
166 if its coverage is duplicative of another vehicle value  
167 protection agreement for the vehicle or of a guaranteed asset  
168 protection product.

169 (7) Each provider shall:

170 (a) Insure all of its vehicle value protection agreements  
171 under a policy that pays or reimburses in the event the provider  
172 fails to perform its obligations under the vehicle value  
173 protection agreement that is issued by an insurer licensed or  
174 otherwise authorized or eligible to do business in this state;

175 (b) Maintain a funded reserve account for its obligations

176 under its contracts issued and outstanding in this state. The  
177 reserves shall not be less than 40 percent of gross  
178 consideration received, less claims paid, on the sale of the  
179 vehicle value protection agreement for all in-force contracts in  
180 this state. The reserve shall be placed in a trust with the  
181 commission a financial security deposit, having a value of not  
182 less than 5 percent of the gross consideration received, less  
183 claims paid, on the sale of the vehicle value protection  
184 agreements for all vehicle value protection agreements issued  
185 and in force in this state, but not less than \$25,000,  
186 consisting of one of the following:

- 187 1. A surety bond issued by an authorized surety;
- 188 2. Securities of the type eligible for deposit by insurers  
189 pursuant to s. 625.52;
- 190 3. Cash;
- 191 4 A letter of credit issued by a qualified financial  
192 institution; or
- 193 5. Another form of security prescribed by regulations  
194 issued by the commission; or

195 (c) Maintain, or together with its parent corporation  
196 maintain, a net worth or stockholders' equity of \$100 million;  
197 and upon request, provide the commission with a copy of the  
198 provider's or the provider's parent company's most recent Form  
199 10-K or Form 20-F filed with the Securities and Exchange  
200 Commission (SEC) within the last calendar year, or if the



201 company does not file with the SEC, a copy of the company's  
202 audited financial statements, which shows a net worth of the  
203 provider or its parent company of at least \$100 million. If the  
204 provider's parent company's Form 10-K, Form 20-F, or financial  
205 statements are filed to meet the provider's financial security  
206 requirement, then the parent company shall agree to guarantee  
207 the obligations of the provider relating to vehicle value  
208 protection agreements sold by the provider in this state.

209 (8) Except for the requirements specified in subsection  
210 (7), no other financial security requirements shall be required  
211 for vehicle value protection agreement providers.

212 520.1504 Disclosures.—

213 (1) Vehicle value protection agreements must disclose in  
214 writing and in clear, understandable language that is easy to  
215 read, the following:

216 (a) The name and address of the provider, contract holder,  
217 and administrator, if any.

218 (b) The terms of the vehicle value protection agreement,  
219 including, without limitation, the purchase price to be paid by  
220 the contract holder, if any, the requirements for eligibility,  
221 conditions of coverage, and exclusions.

222 (c) That the vehicle value protection agreement may be  
223 canceled by the contract holder within a free look period which  
224 is the period of time from the effective date of the contract  
225 until the date the contract may be canceled without penalty,

226 fee, or costs. This period may not be less than 30 days. That,  
227 in such event, the contract holder is entitled to a full refund  
228 of the purchase price paid by the contract holder, if any, so  
229 long as no benefits have been provided.

230 (d) The procedure the contract holder must follow, if any,  
231 to obtain a benefit under the terms and conditions of the  
232 vehicle value protection agreement, including, if applicable, a  
233 telephone number or website and address where the contract  
234 holder may apply for a benefit.

235 (e) Whether or not the vehicle value protection agreement  
236 is cancellable after the free look period and the conditions  
237 under which it may be canceled, including the procedures for  
238 requesting any refund of the unearned purchase price paid by the  
239 contract holder.

240 (f) In the event of cancellation, the method for  
241 calculating any refund of the unearned purchase price of the  
242 vehicle value protection agreement due.

243 (g) The extension of credit, the terms of the credit, and  
244 the terms of the related motor vehicle sale or lease, may not be  
245 conditioned upon the purchase of the vehicle value protection  
246 agreement.

247 (2) Vehicle value protection agreements shall state the  
248 terms, restrictions, and conditions governing cancellation of  
249 the vehicle value protection agreement before the termination or  
250 expiration date of the vehicle value protection agreement by

251 either the provider or the contract holder. The provider of the  
252 vehicle value protection agreement shall mail a written notice  
253 to the contract holder at the last known address of the contract  
254 holder contained in the records of the provider at least 5 days  
255 before cancellation by the provider. Prior notice is not  
256 required if the reason for cancellation is nonpayment of the  
257 provider fee, a material misrepresentation by the contract  
258 holder to the provider or administrator, or a substantial breach  
259 of duties by the contract holder relating to the covered product  
260 or its use. The notice shall state the effective date of the  
261 cancellation and the reason for the cancellation. If a vehicle  
262 value protection agreement is canceled by the provider for a  
263 reason other than nonpayment of the provider fee, the provider  
264 shall refund to the contract holder 100 percent of the unearned  
265 pro rata provider fee paid by the contract holder, if any. If  
266 coverage under the vehicle value protection agreement continues  
267 after a claim, then any refund may deduct claims paid. A  
268 reasonable administrative fee, not to exceed \$75, may be charged  
269 by the provider.

270 520.1505 Commercial transactions exempt.—Sections 520.1504  
271 and 520.1606 do not apply to vehicle value protection agreements  
272 offered in connection with a commercial transaction.

273 520.1506 Penalties.—Any provider, administrator, or any  
274 other person who willfully and intentionally violates any  
275 provision of this part commits a noncriminal violation, as

276 defined in s. 775.08(3), punishable by a fine not to exceed \$500  
277 per violation and no more than \$10,000 in the aggregate for all  
278 violations of similar nature. For purposes of this section,  
279 violations are of a similar nature if each violation consists of  
280 the same or similar course of conduct, action, or practice,  
281 irrespective of the number of times the conduct, action, or  
282 practice, which is determined to be a violation of this part  
283 occurred.

284 Section 5. Section 521.003, Florida Statutes, is amended  
285 to read:

286 521.003 Definitions.—As used in this chapter ~~ss. 521.001-~~  
287 ~~521.006~~, the term:

288 (1) "Adjusted or net capitalized cost" means the  
289 capitalized cost, less any capitalized cost-reduction payments  
290 made by the retail lessee at the inception of the lease  
291 agreement. The adjusted or net capitalized cost shall serve as  
292 the basis for calculating the amount of the retail lessee's  
293 periodic payment under the lease agreement.

294 (2) "Capitalized cost" means the agreed-upon total amount  
295 which, after deducting any capitalized cost reductions, serves  
296 as the basis for calculating the amount of the periodic payment  
297 under the lease agreement. The capitalized cost may include,  
298 without limitation:

- 299 (a) Taxes.  
300 (b) Registration fees.

- 301 (c) License fees.
- 302 (d) Insurance charges.
- 303 (e) Charges for guaranteed auto protection or GAP
- 304 coverage.
- 305 (f) Charges for service contracts and extended warranties.
- 306 (g) Fees and charges for accessories and for installing
- 307 accessories.
- 308 (h) Charges for delivery, service, and repair.
- 309 (i) Administrative fees, acquisition fees, and any and all
- 310 fees or charges for providing services incidental to the lease
- 311 agreement.
- 312 (j) The unpaid balance of any amount financed under an
- 313 outstanding motor vehicle loan agreement or motor vehicle retail
- 314 installment contract with respect to a motor vehicle used as a
- 315 trade-in.
- 316 (k) The unpaid portion of the early termination obligation
- 317 under an outstanding lease agreement.
- 318 (l) The first periodic payment due at the inception of the
- 319 lease agreement.
- 320 (3) "Capitalized cost reduction" means a payment made by
- 321 cash, check, credit card debit, net vehicle trade-in, rebate, or
- 322 other similar means in the nature of a down payment or credit,
- 323 made by the retail lessee at the inception of the lease
- 324 agreement, for the purpose of reducing the capitalized cost and
- 325 shall not include any periodic payments received by the retail

326 | lessor at the inception of the lease agreement.

327 |       (4) "Excess wear and use waiver" means a contractual  
328 | agreement wherein a lessor agrees, with or without a separate  
329 | charge, to cancel or waive all or part of amounts that may  
330 | become due under a lease agreement as a result of excessive wear  
331 | and use of a motor vehicle, which agreement must be part of, or  
332 | a separate addendum to, the lease agreement. Such waivers may  
333 | also cancel or waive amounts due for excess mileage.

334 |       ~~(5)-(4)~~ "Lease agreement" means a written agreement entered  
335 | into in this state for the transfer from a retail lessor to a  
336 | retail lessee of the right to possess and use a motor vehicle in  
337 | exchange for consideration for a scheduled term exceeding 4  
338 | months, whether or not the retail lessee has the option to  
339 | purchase or otherwise become the owner of the motor vehicle upon  
340 | expiration of the agreement. The term does not include an  
341 | agreement which covers an absolute sale, a sale pending  
342 | approval, or a retail installment sale, including a transaction  
343 | or contract which is governed by the Motor Vehicle Retail Sales  
344 | Finance Act of Florida.

345 |       ~~(6)-(5)~~ "Lease transaction" means a presentation made to  
346 | the retail lessee concerning the motor vehicle, including a  
347 | sales presentation or a document presented to the retail lessee,  
348 | resulting in the execution of a lease agreement.

349 |       ~~(7)-(6)~~ "Motor vehicle" means a motor vehicle of the type  
350 | and kind required to be registered and titled under chapters 319

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351 and 320, excluding a recreational vehicle, moped, motorcycle  
352 powered by a motor with a displacement of 50 cubic centimeters  
353 or less, or a mobile home.

354 ~~(8)(7)~~ "Retail lessee" means an individual who executes a  
355 lease agreement for a motor vehicle from a retail lessor  
356 primarily for personal, family, or household purposes.

357 ~~(9)(8)~~ "Retail lessor" means a person who regularly  
358 engages in the business of selling or leasing motor vehicles and  
359 who offers or arranges a lease agreement for a motor vehicle.  
360 The term includes an agent or affiliate who acts on behalf of  
361 the retail lessor and excludes any assignee of the lease  
362 agreement.

363 Section 6. Section 521.007, Florida Statutes, is created  
364 to read:

365 521.007 Extended wear and use waiver.-

366 (1) A retail lessee may contract with a retail lessor for  
367 an excess wear and use waiver in connection with a lease  
368 agreement.

369 (2) The terms of the related motor vehicle lease may not  
370 be conditioned upon the consumer's payment for any extended wear  
371 and use waiver. However, extended wear and use waivers may be  
372 discounted or given at no charge in connection with the purchase  
373 of other noncredit related goods.

374 (3) A lease agreement that includes an excess wear and use  
375 waiver must disclose:

376 (a) The total charge for the excess wear and use waiver.

377 (b) Any exclusions or limitations on the amount of excess  
 378 wear and use that may be waived under the excess wear and use  
 379 waiver.

380 (c) The terms, restrictions, and conditions governing  
 381 cancellation of the excess wear and use waiver before the  
 382 termination or expiration excess wear and use waiver, which may  
 383 include an administrative fee not to exceed \$75.

384 (4) Such a product is not insurance for purposes of the  
 385 Florida Insurance Code.

386 Section 7. Subsection (1) of section 24.118, Florida  
 387 Statutes, is amended to read:

388 24.118 Other prohibited acts; penalties.—

389 (1) UNLAWFUL EXTENSIONS OF CREDIT.—Any retailer who  
 390 extends credit or lends money to a person for the purchase of a  
 391 lottery ticket commits ~~is guilty of~~ a misdemeanor of the second  
 392 degree, punishable as provided in s. 775.082 or s. 775.083. This  
 393 subsection does ~~shall not be construed to~~ prohibit the purchase  
 394 of a lottery ticket through the use of a credit or charge card  
 395 or other instrument issued by a bank, savings association,  
 396 credit union, or charge card company or by a retailer pursuant  
 397 to part IV ~~part III~~ of chapter 520, provided that any such  
 398 purchase from a retailer shall be in addition to the purchase of  
 399 goods and services other than lottery tickets having a cost of  
 400 no less than \$20.



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401 Section 8. Subsection (13) of section 501.604, Florida  
402 Statutes, is amended to read:

403 501.604 Exemptions.—The provisions of this part, except  
404 ss. 501.608 and 501.616(6) and (7), do not apply to:

405 (13) A commercial telephone seller licensed pursuant to  
406 chapter 516 or part IV ~~part III~~ of chapter 520. For purposes of  
407 this exemption, the seller must solicit to sell a consumer good  
408 or service within the scope of his or her license and the  
409 completed transaction must be subject to the provisions of  
410 chapter 516 or part IV ~~part III~~ of chapter 520.

411 Section 9. Paragraph (d) of subsection (2) of section  
412 671.304, Florida Statutes, is amended to read:

413 671.304 Laws not repealed; precedence where code  
414 provisions in conflict with other laws; certain statutory  
415 remedies retained.—

416 (2) The following laws and parts of laws are specifically  
417 not repealed and shall take precedence over any provisions of  
418 this code which may be inconsistent or in conflict therewith:

419 (d) Chapter 520—Retail installment sales (Part I, Motor  
420 Vehicle Sales Finance Act; Part IV ~~Part III~~, Retail Installment  
421 Sales Act; Part V ~~Part IV~~, Installment Sales Finance Act).

422 Section 10. This act shall take effect October 1, 2024.