

SENATE BILL 2024

By Southerland

AN ACT to amend Tennessee Code Annotated, Title 56, Chapter 59, relative to guaranteed asset protection waiver.

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

SECTION 1. Tennessee Code Annotated, Section 56-59-102, is amended by adding the following new appropriately designated subdivision:

() "Related finance company" means a finance company that has common ownership of fifty percent (50%) or more with the retail seller;

SECTION 2. Tennessee Code Annotated, Section 56-59-103(d), is amended by deleting the subsection in its entirety and substituting instead the following:

(d)

(1) A retail seller shall insure its GAP waiver obligations under a contractual liability or other insurance policy issued by an insurer; provided:

(A) A retail seller that does not assign the financing agreement of which the GAP waiver is a part to anyone other than the retail seller's related finance company is not required to insure its GAP waiver obligation; and

(B) Retail sellers that are lessors of motor vehicles are not required to insure obligations related to GAP waivers on leased vehicles.

(2) A creditor not otherwise required to insure its GAP waiver obligation pursuant to subdivision (d)(1) may insure its GAP waiver obligation under a contractual liability policy or other such policy issued by an insurer. Any such insurance policy may be directly obtained by a creditor, retail seller, or may be procured by an administrator to cover a creditor or retail seller's obligations.

SECTION 3. This act shall take effect July 1, 2014, the public welfare requiring it, and shall apply to all retail sales of motor vehicles occurring on or after the effective date of this act.