

VEHICLE VALUE PROTECTION AGREEMENTS

2023 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne A. Harper

House Sponsor: _____

LONG TITLE

General Description:

This bill enacts the Vehicle Value Protection Agreement Act.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ allows a person to enter into a vehicle value protection agreement under certain circumstances;
- ▶ requires the provider of a benefit under a vehicle value protection agreement to obtain contract liability insurance;
- ▶ details requirements for cancellation of a vehicle value protection agreement; and
- ▶ authorizes the insurance commissioner to:
 - enforce provisions related to vehicle value protection agreements; and
 - impose civil penalties for a vehicle value protection agreement violation.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

31A-6c-101, Utah Code Annotated 1953



- 28 [31A-6c-102](#), Utah Code Annotated 1953
- 29 [31A-6c-201](#), Utah Code Annotated 1953
- 30 [31A-6c-202](#), Utah Code Annotated 1953
- 31 [31A-6c-203](#), Utah Code Annotated 1953
- 32 [31A-6c-301](#), Utah Code Annotated 1953

34 *Be it enacted by the Legislature of the state of Utah:*

35 Section 1. Section **31A-6c-101** is enacted to read:

36 **CHAPTER 6c. VEHICLE VALUE PROTECTION AGREEMENT ACT**

37 **Part 1. General Provisions**

38 **31A-6c-101. Definitions.**

39 As used in this chapter:

- 40 (1) "Administrative functions" means the same as that term is defined in Section
- 41 [31A-6b-102.](#)
- 42 (2) "Agreement administrator" means a person who provides administrative functions
- 43 related to a vehicle value protection agreement.
- 44 (3) "Covered vehicle" means a vehicle that is covered under a vehicle value protection
- 45 agreement.
- 46 (4) "Finance agreement" means the same as that term is defined in Section
- 47 [31A-6b-102.](#)
- 48 (5) "Preliminary period" means a time period that:
- 49 (a) begins the day on which a vehicle value protection agreement becomes effective;
- 50 and
- 51 (b) ends the last day on which the purchaser may cancel the vehicle value protection
- 52 agreement with a full refund.
- 53 (6) "Provider" means a person who is obligated to provide a benefit to another person
- 54 under a vehicle value protection agreement.
- 55 (7) "Purchaser" means a person who purchases a benefit from another person under a
- 56 vehicle value protection agreement.
- 57 (8) "Vehicle" means the same as that term is defined in Section [31A-6b-102.](#)
- 58 (9) "Vehicle value protection agreement" means an agreement:

- 59 (a) that is made for a separate charge as part of a finance agreement; and
- 60 (b) under which a provider agrees to, upon damage, total loss, or unrecovered theft of a
- 61 purchaser's covered vehicle, provide a benefit to a purchaser that may be applied to:
- 62 (i) the cash value of the covered vehicle when traded in for a replacement vehicle;
- 63 (ii) the finance agreement; or
- 64 (iii) the purchase price of a replacement vehicle.
- 65 (10) "Violation of a similar nature" means a violation of this chapter that consists of
- 66 the same or similar action, course of conduct, or practice that is determined to violate this
- 67 chapter.

68 Section 2. Section **31A-6c-102** is enacted to read:

69 **31A-6c-102. Scope.**

70 A vehicle value protection agreement is not:

- 71 (1) an insurance contract;
- 72 (2) a guaranteed asset protection waiver, as defined in Section [31A-6b-102](#);
- 73 (3) a debt cancellation agreement, as defined in Section [31A-21-108](#); or
- 74 (4) a debt suspension contract, as defined in Section [31A-21-108](#).

75 Section 3. Section **31A-6c-201** is enacted to read:

76 **Part 2. Vehicle Value Protection Agreements**

77 **31A-6c-201. Vehicle value protection agreements -- Required disclosures --**

78 **Finance agreement conditions.**

- 79 (1) A person may not issue, sell, offer to sell, or otherwise provide a vehicle value
- 80 protection agreement that does not comply with this chapter.
- 81 (2) A vehicle value protection agreement shall conspicuously disclose:
- 82 (a) the name, address, and contact information of:
- 83 (i) the provider;
- 84 (ii) the agreement administrator, if any; and
- 85 (iii) the purchaser;
- 86 (b) the terms of the contractual liability insurance policy described in Section
- 87 [31A-6c-202](#);
- 88 (c) the terms of the vehicle value protection agreement, including:
- 89 (i) the charges under the vehicle value protection agreement;

- 90 (ii) the benefit eligibility requirements;
- 91 (iii) the conditions imposed by the vehicle value protection agreement; and
- 92 (iv) the procedure a purchaser is required to follow to obtain the benefit;
- 93 (d) that the purchaser may cancel the vehicle value protection agreement in accordance
- 94 with Section [31A-6c-203](#);
- 95 (e) the purchaser's right to a refund for cancellation under Section [31A-6c-203](#); and
- 96 (f) the methodology for calculating the refund under Section [31A-6c-203](#).
- 97 (3) A finance agreement may not be conditioned on a purchaser entering into a vehicle
- 98 value protection agreement.

99 Section 4. Section **31A-6c-202** is enacted to read:

100 **31A-6c-202. Contractual liability insurance requirements.**

101 A provider under a vehicle value protection agreement shall obtain a contractual

102 liability insurance policy that:

103 (1) requires the insurer to reimburse the purchaser if the provider fails to perform the

104 provider's obligations under the vehicle value protection agreement;

105 (2) covers any amount the provider is required to pay for failure to perform under the

106 vehicle value protection agreement; and

107 (3) allows the purchaser to file with the insurer a claim for reimbursement under the

108 vehicle value protection agreement if the provider does not pay the purchaser within 60 days

109 after the day on which proof of damage, total loss, or unrecovered theft of the covered vehicle

110 is provided to the provider in accordance with the terms of the vehicle value protection

111 agreement.

112 Section 5. Section **31A-6c-203** is enacted to read:

113 **31A-6c-203. Cancellation and termination.**

114 (1) (a) A purchaser may cancel a vehicle value protection agreement in accordance

115 with this section.

116 (b) A purchaser may not waive by contract the purchaser's right to cancel a vehicle

117 value protection agreement under this section.

118 (2) (a) A vehicle value protection agreement shall provide for a preliminary period of

119 at least 30 days.

120 (b) If a purchaser cancels a vehicle value protection agreement or if a vehicle value

121 protection agreement terminates within the preliminary period, the purchaser is entitled to a
122 refund of the charges under the vehicle value protection agreement as follows:

123 (i) if benefits have not been provided, a full refund; or

124 (ii) if benefits have been provided, a refund to the extent provided for in the vehicle
125 value protection agreement.

126 (c) If a vehicle value protection agreement is canceled by the purchaser or terminates
127 after the preliminary period, to obtain a refund of any portion of the charges under the vehicle
128 value protection agreement, the purchaser shall request the refund:

129 (i) in writing provided to:

130 (A) the provider;

131 (B) the agreement administrator, if any; or

132 (C) another person designated in the vehicle value protection agreement; and

133 (ii) in accordance with other applicable terms of the vehicle value protection
134 agreement.

135 (3) If a provider cancels or terminates a vehicle value protection agreement for a reason
136 other than the purchaser's breach, the provider shall refund the purchaser any unearned provider
137 fees under the vehicle value protection agreement.

138 Section 6. Section **31A-6c-301** is enacted to read:

139 **Part 3. Enforcement**

140 **31A-6c-301. Enforcement.**

141 In accordance with Title 63G, Chapter 4, Administrative Procedures Act, the
142 commissioner may:

143 (1) order a person who violates this chapter to cease and desist from an act that violates
144 this chapter; or

145 (2) impose a penalty:

146 (a) up to \$500 per violation; and

147 (b) not to exceed the aggregate of \$10,000 for the violations of a similar nature.