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BILL ANALYSIS



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Senate Bill 616 (as introduced 9-7-11)  
Sponsor: Senator Tonya Schuitmaker  
Committee: Regulatory Reform

Date Completed: 3-20-12

### **CONTENT**

The bill would amend the Guaranteed Asset Protection Waiver Act to include in the definition of "guaranteed asset protection waiver" a contractual agreement in which a creditor agrees to cancel or waive all or part of amounts due in the event of the borrower's death or disability.

The Act regulates the sale of guaranteed asset protection (GAP) waivers. "Guaranteed asset protection waiver" means a contractual agreement in which a creditor agrees, for a separate charge, to cancel or waive all or part of amounts due on a borrower's finance agreement in the event of a total physical damage loss or unrecovered theft of a motor vehicle. ("Creditor" means a person that extends credit to a borrower in connection with the purchase of a motor vehicle; an assignee of that person; a lessor of a motor vehicle; or an assignee of that lessor.)

Under the bill, a GAP waiver also would include a contractual agreement in which a creditor agrees, for a separate charge, to cancel or waive all or part of amounts due on a borrower's finance agreement in the event of the death or disability of the borrower.

MCL 492.23

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Josh Sefton

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