

**SB 338 -A2 STAFF MEASURE SUMMARY**

**House Committee On Judiciary**

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**Prepared By:** Josh Nasbe, Counsel

**Meeting Dates:** 5/8

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**WHAT THE MEASURE DOES:**

Exempts finance agreements from statutory regulation applicable to guaranteed asset protection waivers, if agreement sold or assigned to entity regulated under Oregon Consumer Finance Act.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

-A2 Applies exemption to addendum to finance agreement that contains guaranteed asset protection waiver and is sold or assigned to entity regulated under Oregon Consumer Finance Act. Excludes addendum from regulation under Insurance Code.

**BACKGROUND:**

In 2015, the Legislative Assembly adopted temporary provisions of law regulating the sale of guaranteed asset protection (GAP) waivers. Chapter 523, Oregon Laws 2015. A GAP waiver is an agreement between a creditor and a purchaser or lessor of a motor vehicle in which the creditor agrees to waive the difference between the amount owed on the vehicle and the amount covered by insurance, in the event the vehicle is totaled or stolen and not recovered.

The 2015 law exempts GAP waivers from regulation under the Insurance Code and establishes specific requirements applicable to GAP waivers sold to consumers. The law requires mandatory disclosures to the consumer, prescribes the applicable payout methodology, creates an evaluation period, requires retail sellers to purchase insurance and creates a fiduciary relationship with respect to funds held for the benefit of another person. A violation of the law is punishable as an unlawful trade practice and the entire 2015 law is scheduled to be repealed on January 2, 2020. State banks and credit unions, insurance policies subject to the Insurance Code and certain agreements that comply with federal law are exempt from the 2015 law.