



Good morning Chair Barker and members of the House Business and Labor Committee. My name is Shawn Miller and I am here today on behalf of the Guaranteed Asset Protection Alliance in **SUPPORT of Senate Bill 366**. The Guaranteed Asset Protection Alliance, or GAPA for short, is comprised of companies that offer guaranteed asset protection waivers across the country.

A guaranteed asset protection waiver or “GAP waiver” is offered to a borrower when that person is financing the purchase of a car. As soon as the borrower drives off the dealer’s lot, their new car is diminished in value. Because of this devaluation, the amount the borrower owes exceeds the amount the vehicle is worth. If the borrower destroys the vehicle at that time, they will owe more than the amount covered by the primary insurer’s proceeds. The additional amounts owed would come out of the borrower’s pocket, unless that person obtained a GAP waiver. If a GAP waiver were purchased, the creditor would waive the amount owed in excess of the primary insurance proceeds.

In 2015, this legislature passed HB 2845 which joined Oregon with the remaining 49 states in treating GAP waiver as a non-insurance product.

Passage of HB 2845 increased consumer choice as well as put in place appropriate consumer protections including:

- Inclusion of GAP waiver in the Unfair Trades Practices Act.
- 30 day “free look” period during which the consumer may return the product at no penalty.
- A requirement that the product be optional for the borrower and that the terms of the financing and the terms of the purchase not be conditioned upon purchasing GAP waiver.
- That the cost of the GAP waiver may not exceed five percent of the amount financed.
- A requirement that no motor vehicle dealer may vary the benefits or terms of the GAP waiver based upon race, sex, sexual orientation, income, or education.
- Various other disclosure requirements addressing issues such as cancellation, refunds, etc.

HB 2845 included input from both the Department of Financial Regulation and Attorney General’s office. A sunset provision was included with this legislation. Since the authorization of this product, we have not heard of any complaints or issues with GAP waiver from either the Department of Financial Regulation or Attorney General’s office. The legislation is working, consumers have more choice, and we ask that the sunset provision be removed and the law made permanent. **Thank you and I ask that you SUPPORT SB 366.**