

# SENATE BILL No. 616

September 7, 2011, Introduced by Senator SCHUITMAKER and referred to the Committee on Regulatory Reform.

A bill to amend 2009 PA 229, entitled "Guaranteed asset protection waiver act," by amending section 3 (MCL 492.23).

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 3. As used in this act:

2       (a) "Administrator" means a person, other than a creditor or  
3 insurer, that performs administrative or operational functions in  
4 connection with a guaranteed asset protection waiver program.

5       (b) "Borrower" means a person that purchases, agrees to  
6 purchase, leases, or agrees to lease a motor vehicle. The term  
7 includes, but is not limited to, an installment buyer or a retail  
8 buyer.

9       (c) "Commissioner" means the commissioner of the office of  
10 financial and insurance regulation in the department of ~~energy,~~

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1 ~~labor, and economic growth.~~ **LICENSING AND REGULATORY AFFAIRS.**

2 (d) "Creditor" means a person that extends credit to a  
3 borrower in connection with the purchase of a motor vehicle; an  
4 assignee of that person; a lessor of a motor vehicle; or an  
5 assignee of that lessor. The term includes, but is not limited to,  
6 any of the following:

7 (i) An installment seller that extends credit to an installment  
8 buyer and any assignee to which that credit obligation is payable.

9 (ii) An installment seller that leases a motor vehicle to an  
10 installment buyer and any assignee to which the lease payments are  
11 payable.

12 (iii) A sales finance company that extends credit to an  
13 installment buyer and any assignee to which that credit obligation  
14 is payable.

15 (iv) A retail seller that extends credit to a retail buyer and  
16 any assignee to which that credit obligation is payable.

17 (v) A retail seller that leases a motor vehicle to a retail  
18 buyer and any assignee to which the lease payments are payable.

19 (e) "Finance agreement" means a loan, lease, or installment  
20 sale agreement for a motor vehicle. The term includes, but is not  
21 limited to, an installment sale contract, a retail installment  
22 contract, or a retail charge agreement.

23 (f) "Free look period" means the period of time during which a  
24 borrower may cancel a guaranteed asset protection waiver without  
25 penalty, fees, or costs to the borrower. A free look period must  
26 begin on the effective date of the guaranteed asset protection  
27 waiver, and the term of a free look period must be at least 30

1 days.

2 (g) "Guaranteed asset protection waiver" means a contractual  
3 agreement in which a creditor agrees for a separate charge to  
4 cancel or waive all or part of amounts due on a borrower's finance  
5 agreement in the event of a total physical damage loss or  
6 unrecovered theft of a motor vehicle **OR THE DEATH OR DISABILITY OF**  
7 **THE BORROWER.**

8 (h) "Installment buyer" means that term as defined in section  
9 2 of the motor vehicle sales finance act, MCL 492.102.

10 (i) "Installment sale contract" means that term as defined in  
11 section 2 of the motor vehicle sales finance act, MCL 492.102.

12 (j) "Installment seller" means that term as defined in section  
13 2 of the motor vehicle sales finance act, MCL 492.102.

14 (k) "Insurer" means an authorized insurer as defined in  
15 section 108 of the insurance code of 1956, 1956 PA 218, MCL  
16 500.108.

17 (l) "Motor vehicle" means a self-propelled or towed device that  
18 transports people or property for personal or commercial use. The  
19 term includes, but is not limited to, an automobile, truck,  
20 motorcycle, recreational vehicle, all-terrain vehicle, camper,  
21 boat, or personal watercraft or a motorcycle, boat, camper, or  
22 personal watercraft trailer. The term does not include a device  
23 that moves on or is guided by a track or travels through the air.

24 (m) "Motor vehicle sales finance act" means the motor vehicle  
25 sales finance act, 1950 (Ex Sess) PA 27, MCL 492.101 to 492.141.

26 (n) "Person" means an individual, limited liability company,  
27 partnership, association, corporation, governmental entity, or any

1 other legal entity.

2 (o) "Retail buyer" means that term as defined in section 2 of  
3 the retail installment sales act, MCL 445.852.

4 (p) "Retail charge agreement" means that term as defined in  
5 section 2 of the retail installment sales act, MCL 445.852.

6 (q) "Retail installment contract" means that term as defined  
7 in section 2 of the retail installment sales act, MCL 445.852.

8 (r) "Retail installment sales act" means the retail  
9 installment sales act, 1966 PA 224, MCL 445.851 to 445.873.

10 (s) "Retail seller" means that term as defined in section 2 of  
11 the retail installment sales act, MCL 445.852.

12 (t) "Sales finance company" means that term as defined in  
13 section 2 of the motor vehicle sales finance act, MCL 492.102.