

Aftermarket Contract Cancellations

State Statutes

Navigating state requirements is its own complex business. To help mitigate risk Cox Automotive is sharing this comprehensive list of statutes by state — for both GAP and Vehicle Service Contract (VSC) cancellations.

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State	GAP Refund Required By Statute	Statutory Citation	Vehicle Service Contract Refund Required	Statutory Citation
Alabama	Yes	Ala. Code § 8-37-1 et seq.	Yes	Ala. Code § 8-32-3(g), (h).
Alaska	No	N/A	Yes	Alaska Stat. § 21.59.170; see also Alaska Stat. § 45.25.620.
Arizona	No	N/A	Yes	Ariz. Rev. Stat. § 20-1095.06.
Arkansas	Yes	Ark. Code Ann. § 4-90-801 et seq.	Yes	Ark. Code § 4-90-507.
California	Yes	Cal. Civ. Code § 2982.12 Note: 2023 AB 1756 (Effective January 1, 2024) – The enacted legislation explains how to calculate a GAP waiver refund on a pro rata basis if the original	Yes	Cal. Civ. Code § 1794.41; see also Cal. Ins. Code § 12825.

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California (con't)		<p>full term of a conditional sale contract exceeds the original full term of a GAP waiver agreement.</p> <p>The enacted legislation does not affect which party is responsible for providing a GAP waiver refund.</p>		
Colorado	Yes	<p>4 Colo. Code Regs. § 902-1:8.</p> <p>Note: 2023 HB 1181 (Effective January 1, 2024) – The enacted legislation eliminates language that would relieve the retail installment assignee from the obligation to provide GAP waiver refunds. Under the enacted legislation, the “creditor” is responsible for the refund under the provision that formerly only placed responsibility on the “original creditor.”</p> <p>The enacted legislation affects which party is responsible for providing a GAP waiver refund.</p>	N/A	Colo. Rev. Stat. § 42-11-101 et seq.
Connecticut	Yes	<p>2023 CT S.B. 1033</p> <p>(Effective October 1, 2023) – Under the enacted legislation, the creditor shall provide, or shall cause a retail seller to provide, a refund due to a borrower not later than 60 days after the creditor receives the borrower’s cancellation</p>	N/A	Conn. Gen. Stat. § 42-260.

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Connecticut (con't)		<p>concerning such refund, without requiring the borrower to request the refund.</p> <p>The enacted legislation also increases the amount financed threshold for motor vehicles subject to the Connecticut Retail Installment Sales Act from \$50,000 to \$75,000.</p> <p>The enacted legislation affects which party is responsible for providing a GAP waiver refund.</p> <p>Note: As of October 27, 2023, the enacted legislation has not yet been assigned a statutory codification number.</p>		
Delaware	No	N/A	N/A	Del. Code tit. 18 § 918; Delaware Dep't of Insurance, Domestic/Foreign Insurers Bulletin No. 5: Regulation of Service Contract Providers (Sept. 17, 1997).
Florida	Yes	Fla. Stat. § 520.07 (11).	Yes	Fla. Stat. § 634.121.
Georgia	Yes	Ga. Code § 33-63-7.	N/A	Ga. Comp. R. & Regs. 120-2-47-.01.
Hawaii	No	N/A	Yes	Haw. Rev. Stat. § 481X-7.
Idaho	No	N/A	Yes	Idaho Code § 41-6205.
Illinois	No	N/A	Yes	215 Ill. Comp. Stat. 152/35.

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Indiana	Yes	<p>Ind. Code § 24-4.5-2-202(4).</p> <p>Note: 2023 HB 1236 (Effective July 1, 2023) – The enacted legislation prohibits a manufacturer from requiring dealers to purchase sponsored ancillary products from the manufacturer, affiliated entity, or captive finance company.</p> <p>The enacted legislation does not affect which party is responsible for providing a GAP waiver refund.</p>	N/A	<p>Ind. Code §27-1-43.2-12.</p> <p>Note: This statute does not create an obligation on behalf of the contract provider to issue a refund to the contract holder, but rather may place an obligation on the policy insurer.</p> <p>Note: 2023 HB 1236 (Effective July 1, 2023) – The enacted legislation prohibits a manufacturer from requiring dealers to purchase sponsored service contracts from the manufacturer, affiliated entity, or captive finance company.</p> <p>The enacted legislation does not affect which party is responsible for providing a motor vehicle service contract refund.</p>
Iowa	<p>Yes (until June 30, 2023)</p> <p>No (as of July 1, 2023 for creditors)</p> <p>Yes (as of July 1, 2023 for dealers)</p>	<p>Iowa Code § 537.2510 (1).</p> <p>https://www.iowaattorneygeneral.gov/media/cms/92_9C29AE6D1AA4A.pdf</p> <p>Note: IA HF 133 (Effective July 1, 2023) – The enacted legislation would only require that the creditor notify the motor vehicle dealer of the prepayment within 30 days. The motor vehicle dealer shall then determine whether the consumer is eligible for a refund and issue any refund directly to the consumer within 60 days of receipt of notice of prepayment from the creditor.</p> <p>The enacted legislation affects which party is responsible for providing a GAP waiver refund.</p>	Yes	Iowa Code § 523C.7(2)(I).

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Kansas	No	Kan. Consumer Credit Comm'r Adm. Int. No. 1004	N/A	Kan. Stat. Ann. § 40-201a.
Kentucky	No	N/A	N/A	Ky. Rev. Stat. 304.5-070.
Louisiana	Yes	La. Stat. § 6:969.51 et seq; 46 La. Admin. Code Pt V, 7711.	Yes	La. Stat. Ann. § 51:3165.
Maine	Yes	Me. Rev. Stat. tit. 10, § 1500-H.	Yes	Me. Rev. Stat. tit. 24-A, § 7103. (Insurance Code
Maryland	No	N/A	Yes	Md. Code Ann., Com. Law § 14-403.
Massachusetts	Yes (based on Massachusetts Department of Banking statements)	Based on Nisen & Elliott, LLC's recent interaction with the Massachusetts Department of Banking in connection with regulatory examinations of sales finance licensees, the Massachusetts Department of Banking indicated that they would like to see creditors providing GAP waiver refunds in all cases where such refunds are due to consumers. (October 1, 2023) Note: Despite the above regulatory position taken by Massachusetts, there does not appear to be a statutory basis for mandating that the creditor is the party responsible for providing a GAP waiver refund.	N/A	Mass. Gen. L. ch. 175, § 149N. Note: 2021 MA H.D. 641 (Introduced January 26, 2021, and still pending as of October 12, 2023) – Massachusetts will confirm that certain ancillary products (Tire & Wheel, Dent & Ding, Windshield Repair, and Interior Repair products) are not insurance products subject to the Massachusetts Insurance Code. The legislation would also establish a re-classification safe harbor for flat amount vehicle protection product warranty payments of \$7,000 or less. Creditors would be able to accept contracts financing the purchase of such products without a risk of disclosure errors if the compensation under the product falls within the safe harbor. In addition, manufacturers would be able to incentivize motor vehicle dealers to sell sponsored products (exclusively or otherwise) but would not be able to require such sales or state adverse consequences or evaluations for failure to sell or exclusively offer such sponsored products. If enacted, the pending legislation would not affect which party is responsible for providing a refund on a motor vehicle service contract.

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Michigan	Yes	<p>Mich. Comp. Laws § 492.21 et seq.</p> <p>Note: 2023 MI H.B. 343 (Introduced May 23, 2023 and pending as of October 12, 2023) – The pending legislation would allow a cancellation fee of up to \$75 for cancellation of the GAP waiver.</p> <p>As of October 12, 2023, if enacted, the pending legislation would not affect which party is responsible for providing a GAP waiver refund.</p>	N/A	Mich Comp. Laws § 500.125.
Minnesota	Yes	Minn. Stat. § 59D.01 et seq.	Yes	Minn. Stat. § 59B.03.
Mississippi	Yes	Miss. Code. Ann. § 83-52-3.	Yes	19 Miss. Admin. Code, Pt. 4, R. 4.04.
Missouri	Yes	<p>Mo. Stat. § 408.380.</p> <p>Note: MO SB 398 (Effective August 28, 2023) – The enacted legislation requires borrowers to provide a written request to the creditor, administrator, or other such party in order to receive a refund. If the borrower cancels the debt waiver due to early termination of the finance agreement and no benefit has been or will be provided, the borrower must provide a written request to cancel within 90 days of the event terminating the finance agreement.</p>	Yes	Mo. Rev. Stat. § 385.306.

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Missouri (con't)		The enacted legislation affects which party is responsible for providing a GAP waiver refund.		
Montana	Yes	Mont. Code § 30-14-2206 et seq.	N/A	Mont. Code Ann. § 30-14-1301 et seq. Note: MT LEGIS 525 (Effective October 1, 2023) – The enacted legislation amends the definition of a “service contract”. The enacted legislation does not affect which party is responsible for providing a motor vehicle service contract refund.
Nebraska	Yes	Neb. Rev. Stat. § 45-1101 et seq.	N/A	2020 Nebraska Laws L.B. 774.
Nevada	Yes	Nev. Rev. Stat. § 690D.200.	Yes	Nev. Rev. Stat. § 690C.250.
New Hampshire	Yes	N.H. Rev. Stat. § 361-E:1.	N/A	N.H. Rev. Stat. Ann. § 415-C:1 et seq.
New Jersey	Yes	N.J. Stat. Ann. § 17:16BB-1 et seq.	Yes	N.J. Stat. Ann. § 56:12-93.
New Mexico	No	N/A	Yes	N.M. Stat. § 59A-58-9.
New York	Yes (based on NYDFS Industry Guidance Letter)	On July 18, 2023, the New York Department of Financial Services issued an Industry Guidance Letter stating that it considered it an unfair practice for creditors to fail to refund consumers for cancelled ancillary products. NYDFS Industry Letter: Ensuring Auto Loan Borrowers Receive Pro-	Yes	N.Y. Ins. Law § 7903(e).

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New York (con't)		Rata Rebates for Cancelled Ancillary Products (July 18, 2023). Note: Despite the above regulatory position taken by the NYDFS, there does not appear to be a statutory basis for mandating that the creditor is the party responsible for providing a GAP waiver refund.		
North Carolina	Yes	N.C. Gen. Stat. § 66-440 et seq.	Yes	N.C. Gen. Stat. § 66-372.
North Dakota	Yes	N.D. Cent. Code Ann. § 26.1-57-01 et seq.	N/A	N.D. Cent. Code § 26.1-40-01 et seq. and N.D. Cent. Code 9-01-21.
Ohio	No	Ohio Rev. Code Ann. § 1317.05. Note: 2023 OH SB 157 (Introduced September 19, 2023 and pending as of October 12, 2023) – The pending legislation proposes to amend the definition of a “debt cancellation or debt suspension product” to also provide, with or without a separate charge, a benefit that waives an amount, or provides a borrower with a credit, towards the purchase of a replacement motor vehicle. As of October 12, 2023, if enacted, the pending legislation would not affect which party is responsible for providing a GAP waiver refund.	N/A	Ohio Rev. Code Ann. § 3905.423.

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Oklahoma	Yes	<p>2022 OK S.B. 1743. See Okla. Stat. Ann. tit. 15, § 140.2.</p> <p>Note: 2023 OK S.B. 541 (Introduced January 17, 2023 and pending as of October 12, 2023) would add a provision requiring administrators of a debt waiver program or creditors acting as administrators to register with the Oklahoma Insurance Department.</p> <p>As of October 12, 2023, if enacted, the pending legislation would not affect which party is responsible for providing a GAP waiver refund.</p>	Yes	Okla. Stat. tit. 15, § 141.1 et seq.
Oregon	Yes	<p>Or. Rev. Stat. § 646A.781.</p> <p>Note: 2023 HB 3612 proposed to prohibit discrimination on the basis of “caste” in several areas of Oregon law, including in the context of setting the terms and conditions of GAP waivers, but this bill died in committee on June 25, 2023.</p>	N/A	Or. Rev. Stat. § 646A.150 et seq.
Pennsylvania	No	N/A	N/A	40 P.S. § 477f.
Rhode Island	Yes	19 R.I. Gen. Laws § 19-32-1 et seq.	N/A	R.I. Gen. Laws 6-57-1 et seq.
South Carolina	Yes	S.C. Code § 37-30-100 et seq.	Yes	S.C. Code § 38-78-30.
South Dakota	No	N/A	N/A	S.D. Codified Laws § 58-1-3.

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Tennessee	Yes	Tenn. Code § 56-59-101 et seq.	N/A	Tenn. Code Ann. § 56-2-126.
Texas	Yes	<p>Tex. Fin. Code § 354.001 et seq.</p> <p>Note: 2023 TX H.B. 2746 (Effective September 1, 2023) – The enacted legislation allows an assignee of the contract to either provide the refund in 60 days of termination or provide written notice to the administrator of the need for the refund within 30 days of termination.</p> <p>The enacted legislation affects which party is responsible for providing a GAP waiver refund.</p>	Yes	Tex. Occ. Code § 1304.1581.
Utah	Yes	Utah Code § 31A-6b-101 et seq.	N/A	Utah Code § 31a-6a-104.
Vermont	Yes	Vt. Stat. tit. 8, § 10405.	Yes	Vt. Stat. Ann. tit. 8, § 4253.
Virginia	Yes	<p>Va. Code Ann. § 38.2-6404.</p> <p>Note: 2022 HB 1469 (Effective July 1, 2023) – The enacted legislation prohibits certain coercive practices in relation to the sale of motor vehicles, such as prohibiting a manufacturer or distributor from coercing a dealer to establish a franchise agreement where the manufacturer or distributor reserves</p>	N/A	<p>Va. Code Ann. 59.1-435 et seq.</p> <p>Note: 2022 HB 1469 (Effective July 1, 2023) – The enacted legislation prohibits certain coercive practices in relation to the sale of motor vehicles, such as prohibiting a manufacturer or distributor from coercing a dealer to establish a franchise agreement where the manufacturer or distributor reserves the right to offer a motor vehicle service contract directly to the buyer.</p> <p>The enacted legislation does not affect which party is responsible for providing a motor vehicle service contract refund.</p>

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Virginia (con't)		the right to offer a GAP waiver directly to the buyer. The enacted legislation does not affect which party is responsible for providing a GAP waiver refund.		
Washington	Yes	Wash. Rev. Code § 48.160.001 et seq.	Yes	Wash. Rev. Code § 48.110.075.
West Virginia	Yes	W. Va. Code § 33-4-23.	N/A	W. Va. Code § 33-4-1 et seq.
Wisconsin	Yes	Wis. Stat. § 218.0148.	N/A	Wis. Stat. § 616.56
Wyoming	Yes	From: Jeffrey C. Vogel, To: President & CEO Wyoming State Chartered Banks, Re: Debt Cancellation Contracts and Debt Suspension Agreements, DIV. OF BANKING (Sept. 26, 2003). Wyo. Stat. Ann. § 40-14-454	Yes	Wyo. Stat. § 26-49-103.

Cox Automotive provides this list as a courtesy to our clients. It is not our position to interpret law nor dispense legal advice.

We recommend reviewing your refund obligations with your preferred legal counsel, or contact our Attorney compiling this list:

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This statutory summary does not constitute legal advice and any additional details should be confirmed with Nisen & Elliott, LLC.