

**Effective 5/3/2023**

**Part 2**  
**Vehicle Value Protection Agreements**

**13-64-201 Vehicle value protection agreement -- Required disclosures -- Finance agreement conditions.**

- (1) A person may not issue, sell, offer to sell, or otherwise provide a vehicle value protection agreement that does not comply with this chapter.
- (2) A vehicle value protection agreement shall conspicuously disclose:
  - (a) the name, address, and contact information of:
    - (i) the provider;
    - (ii) the agreement administrator, if any; and
    - (iii) the purchaser;
  - (b) the terms of the vehicle value protection agreement, including:
    - (i) the charges under the vehicle value protection agreement;
    - (ii) the benefit eligibility requirements;
    - (iii) the conditions imposed by the vehicle value protection agreement; and
    - (iv) the procedure a purchaser is required to follow to obtain the benefit; and
  - (c) subject to Subsection (3), the terms or restrictions governing cancellation of the vehicle value protection agreement, including:
    - (i) that the purchaser may cancel the vehicle value protection agreement during the preliminary period;
    - (ii) the length of the preliminary period;
    - (iii) the purchaser's right to a refund for cancellation under Section 13-64-203; and
    - (iv) the methodology for calculating any refund to the purchaser for cancellation.
- (3) The disclosure described in Subsection (2)(c)(i) shall:
  - (a) be written in dark bold with at least 12-point type on the first page of the vehicle value protection agreement; and
  - (b) read as follows: "IN ACCORDANCE WITH UTAH CODE SECTION 13-64-203, YOU, THE PURCHASER, MAY CANCEL THIS AGREEMENT AT ANY TIME BEFORE THE END OF THE PRELIMINARY PERIOD DESCRIBED IN THIS AGREEMENT."
- (4) The provider shall provide the purchaser a copy of the vehicle value protection agreement at the time the provider and purchaser enter into the vehicle value protection agreement.
- (5) A finance agreement or vehicle purchase agreement may not be conditioned on a purchaser entering into a vehicle value protection agreement.

Enacted by Chapter 509, 2023 General Session

**13-64-202 Liability insurance -- Security for payment -- Provider net worth value.**

- (1) A provider under a vehicle value protection agreement shall:
  - (a) insure all vehicle value protection agreements the provider enters into under a contractual liability insurance policy that:
    - (i)
      - (A) is issued by an insurer authorized to do business in this state that has a surplus as to policyholders and paid-in capital of less than \$10,000,000 and more than \$5,000,000 and provides evidence to the division that the insurer maintains a ratio of net written premiums to surplus as to policyholders and paid-in capital of not greater than three to one; or

- (B) is issued by an insurer authorized to do business in this state that has as a surplus as to policyholders and paid-in capital of more than \$10,000,000; and
  - (ii)
    - (A) requires the insurer to reimburse the purchaser if the provider fails to perform the provider's obligations under a vehicle value protection agreement;
    - (B) covers any amount the provider is required to pay for failure to perform under a vehicle value protection agreement; and
    - (C) allows a purchaser to file with the insurer a claim for reimbursement under the vehicle value protection agreement if the provider does not pay the purchaser within 60 days after the day on which proof of damage, total loss, or unrecovered theft of the covered vehicle is provided to the provider in accordance with the terms of the vehicle value protection agreement;
  - (b)
    - (i) maintain a funded reserve account to cover the provider's obligations under all vehicle value protection agreements the provider enters into that is equal to or greater than 40% of money received by, less claims paid to, the provider for the vehicle value protection agreements; and
    - (ii) place in trust with the division a security that is equal to at least 5% of money received by, less claims paid to, the provider for all vehicle value protection agreements the provider enters into and more than \$25,000; or
  - (c) maintain, or together with the provider's parent company maintain, a net worth or stockholders' equity of \$100,000,000.
- (2)
- (a) An insurer described in Subsection (1)(a) shall annually file with the division:
    - (i) a copy of the insurer's audited financial statements;
    - (ii) the insurer's National Association of Insurance Commissioner annual statement; and
    - (iii) the actuarial certification filed in the insurer's state of domicile.
  - (b) The division may examine a reserve account described in Subsection (1)(b).
  - (c) A provider shall, upon request, provide the division a copy of:
    - (i) the provider's or the provider's parent company's most recent Form 10-K or Form 20-F filed with the Securities and Exchange Commission; or
    - (ii) if the provider does not file with the Securities and Exchange Commission, a copy of the provider's audited financial statements that shows the net worth of the provider or the provider's parent company.

Enacted by Chapter 509, 2023 General Session

**13-64-203 Preliminary period -- Cancellation -- Refund.**

- (1)
- (a) A vehicle value protection agreement shall provide for a preliminary period of at least 30 days.
  - (b) If a purchaser cancels a vehicle value protection agreement within the preliminary period, the purchaser is entitled to a refund of the charges under the vehicle value protection agreement as follows:
    - (i) if benefits have not been provided, a full refund; or
    - (ii) if benefits have been provided, a refund to the extent provided for in the vehicle value protection agreement.
- (2)

- (a) Except as provided in Subsection (2)(b), if a provider cancels a vehicle value protection agreement, the provider shall mail a written notice to the purchaser at least five days before the day on which the vehicle value protection agreement is canceled.
- (b) A provider may immediately cancel a vehicle value protection agreement upon sending a notice of cancellation to the purchaser if the reason for the cancellation is:
  - (i) the purchaser's failure to pay the provider's fee under the vehicle value protection agreement; or
  - (ii) the purchaser's breach of the purchaser's duties relating to the covered vehicle.
- (3) A notice described in Subsection (2) shall include:
  - (a) the effective date of the cancellation; and
  - (b) the reason for the cancellation.
- (4) If a provider cancels a vehicle value protection agreement for a reason other than the purchaser's failure to pay the provider's fee under the vehicle value protection agreement, the provider:
  - (a) shall refund the purchaser any unearned provider fee under the vehicle value protection agreement;
  - (b) may charge the purchaser an administrative fee of up to \$75; and
  - (c) may deduct the amount of a benefit paid under the vehicle value protection agreement from the refund.

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