

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 (Effective January 1, 2023).	Yes	Cal. Civ. Code § 1794.41; see also Cal. Ins. Code § 12825.

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Colorado	Yes	<p>4 Colo. Code Regs. § 902-1:8.</p> <p>Note: 2023 HB 1181 (pending as of May 1, 2023) – The pending legislation would eliminate language that would relieve the retail installment assignee from the obligation to provide GAP waiver refunds. Under the revised bill, the “creditor” is responsible for the refund under the provision that formerly only placed responsibility on the “original creditor.”</p> <p>If enacted, the pending legislation would affect which party is responsible for providing a GAP waiver refund.</p>	N/A	Colo. Rev. Stat. § 42-11-101 et seq.
Connecticut	No	<p>N/A</p> <p>Note: 2023 CT R.B. 1033 (pending as of May 1, 2023) – The pending legislation proposes to calculate GAP waiver refunds pro rata based on monthly increments starting on the 15th of each month. The legislation also proposes to increase the amount financed threshold for motor vehicles subject to the Connecticut Retail Installment Sales Act from \$50,000 to \$75,000.</p> <p>If enacted, the pending legislation would not affect which party is responsible for providing a GAP waiver refund.</p>	N/A	Conn. Gen. Stat. § 42-260.

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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.
Indiana	Yes	<p>Ind. Code § 24-4.5-2-202(4).</p> <p>Note: 2023 HB 1236 (pending as of May 1, 2023) – The pending legislation would prohibit certain coercive practices relating to debt cancellation agreements, such as prohibiting a manufacturer or distributor from coercing a dealer into selling a debt cancellation agreement that is offered by the manufacturer or distributor.</p> <p>If enacted, the pending legislation would not affect which party is responsible for providing a GAP waiver refund.</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.	Ind. Code §27-1-43.2-12.

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Iowa	Yes (until June 30, 2023)	Iowa Code § 537.2510 (1).	Yes	Iowa Code § 523C.7(2)(I).
	No (as of July 1, 2023 for creditors)	https://www.iowaattorneygeneral.gov/media/cms/92_9C29AE6D1AA4A.pdf		
	Yes (as of July 1, 2023 for dealers)	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. This legislation affects which party is responsible for providing a GAP waiver refund.		
Kansas	No	Kan. Consumer Credit Comm’r Adm. Int. No. 1004	N/A	Kan. Stat. Ann. § 40-201a. Note: 2021 KS H.B. 2638 proposed legislation that windshield repair products be considered service contracts and therefore be excluded from the meaning of insurance, but this House Bill died in committee on May 23, 2022.
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.

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Maine	Yes	Me. Rev. Stat. tit. 10, § 1500-H.	Yes	<p>Me. Rev. Stat. tit. 24-A, § 7103. (Insurance Code)</p> <p>Note: 2021 ME H.P. 819 (Effective October 18, 2021) – Theft protection products with warranties, (such as a vehicle location tracker with a warranty that pays if there is no recovery of the vehicle), excess wear waivers and key fob replacement products are specifically excluded from the meaning of insurance. See Me. Rev. Stat. tit. 24-A, § 7102. Creditors will then be able to finance the sale of such products without following the Regulation Z requirements for disclosure of insurance charges that are included in the amount financed. See 12 C.F.R. § 1026.4(d).</p> <p>The enacted legislation does not affect which party is responsible for providing a refund on a motor vehicle service contract.</p>
Maryland	No	N/A	Yes	Md. Code Ann., Com. Law § 14-403.
Massachusetts	No	N/A	N/A	<p>Mass. Gen. L. ch. 175, §149N.</p> <p>Note: 2021 MA H.D. 641 (Introduced January 26, 2021, and still pending as of May 1, 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.</p> <p>If enacted, the pending legislation would not affect which party is responsible for providing a refund on a motor vehicle service contract.</p>

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Michigan	Yes	Mich. Comp. Laws § 492.21 et seq.	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	Mo. Stat. § 408.380. Note: MO HB 521 (pending as of May 1, 2023) – The pending legislation adds provisions relating to motor vehicle financial protection products. If enacted, the pending legislation would not affect which party is responsible for providing a GAP waiver refund.	Yes	Mo. Rev. Stat. § 385.306.
Montana	Yes	Mont. Code § 30-14-2206 et seq.	N/A	Mont. Code Ann. § 30-14-1301 et seq.
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	No	N/A	Yes	N.Y. Ins. Law § 7903(e).

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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	<p>N.D. Cent. Code § 26.1-40-01 et seq. and N.D. Cent. Code 9-01-21.</p> <p>Note: 2021 ND S.B. 2150 (Effective August 1, 2021) – This excludes certain products from the definition of insurance by adding an exclusion for “vehicle theft protection product warranties” and expanding the “property service contract” definition in the service contract statute, N.D. Cent. Code § 9-01-21, to include Tire & Wheel, Dent & Ding, Windshield Repair, Key Fob replacement, and lease excess wear and use indemnification (up to the purchase price of the vehicle).</p> <p>Creditors may accept contracts financing the purchase of such products without a risk of disclosure errors in connection with the completion of separately initialed insurance disclosures in a retail installment sale contract.</p> <p>The enacted legislation does not affect which party is responsible for providing a refund on a motor vehicle service contract.</p>
Ohio	No	Ohio Rev. Code Ann. § 1317.05.	N/A	Ohio Rev. Code Ann. § 3905.423.
Oklahoma	Yes	2022 OK S.B. 1743. See Okla. Stat. Ann. tit. 15, § 140.2.	Yes	Okla. Stat. tit. 15, § 141.1 et seq.
Oregon	Yes	<p>Or. Rev. Stat. § 646A.781.</p> <p>Note: 2023 HB 3612 (pending as of May 1, 2023) – The pending legislation proposes 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.</p>	N/A	Or. Rev. Stat. § 646A.150 et seq.

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Oregon (con't)		If enacted, the pending legislation would not affect which party is responsible for providing a GAP waiver refund.		
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.
Tennessee	Yes	Tenn. Code § 56-59-101 et seq.	N/A	Tenn. Code Ann. § 56-2-126.
Texas	Yes	Tex. Fin. Code § 354.001 et seq.	Yes	Tex. Occ. Code § 1304.1581.
Utah	Yes	Utah Code § 31A-6b-101 et seq.	Note: This statute does not create an obligation on behalf of the contract provider to issue a refund to the contract holder but may place an obligation on the insurance company.	Utah Code § 31a-6a-104. Also note: 2022 UT H.B. 31 (signed into law on March 23, 2022), which amends part of the Insurance Code, but does not amend anything within the service contract provisions (§ 31a-6a-104). https://le.utah.gov/~2022/bills/hbillenr/HB0031.pdf . The enacted legislation does not affect which party is responsible for providing a refund on a motor vehicle service contract.
Vermont	Yes	Vt. Stat. tit. 8, § 10405.	Yes	Vt. Stat. Ann. tit. 8, § 4253.
Virginia	Yes	Va. Code Ann. § 38.2-6404. Note: 2022 HB 1469 (Effective July 1, 2023) – The enacted legislation will	N/A	Va. Code Ann. 59.1-435 et seq.

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Virginia (con't)		<p>prohibit 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 GAP waiver directly to the buyer.</p> <p>The enacted legislation will not affect which party is responsible for providing a GAP waiver refund.</p>		
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	<p>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).</p> <p>Wyo. Stat. Ann. § 40-14-454</p>	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.