

Senate Study Bill 1020 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON BROWN)

A BILL FOR

1 An Act relating to refund payments made in connection with
2 motor vehicle debt cancellation coverage.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 537.2510, Code 2023, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 10. Notwithstanding any provision of
4 this chapter to the contrary or an agreement between a motor
5 vehicle dealer licensed pursuant to section 322.4 and the
6 consumer, if the creditor is a financial institution as defined
7 in the Iowa consumer credit code, chapter 537, or the federal
8 Gramm-Leach-Bliley Act of 1999, 15 U.S.C. §6801 et seq., who
9 has purchased a retail installment contract as defined in
10 section 322.2, subsection 22, with voluntary debt cancellation
11 coverage, the only obligation of the creditor upon prepayment
12 in full shall be to notify the motor vehicle dealer within
13 thirty days of the prepayment. The motor vehicle dealer shall
14 promptly determine whether the consumer is eligible for a
15 refund of any voluntary debt cancellation coverage and shall
16 issue any refund required directly to the consumer within sixty
17 days of the dealer's receipt of notice of the prepayment from
18 the creditor.

19 EXPLANATION

20 The inclusion of this explanation does not constitute agreement with
21 the explanation's substance by the members of the general assembly.

22 This bill relates to motor vehicle debt cancellation
23 coverage refunds.

24 The bill provides that the only obligation that a financial
25 institution which purchases retail installment contracts with
26 voluntary debt cancellation coverage has upon prepayment in
27 full is to notify the relevant motor vehicle dealer within 30
28 days of a payment in full of an installment contract. The
29 dealer shall determine whether the consumer is entitled to a
30 refund of voluntary debt cancellation coverage and issue the
31 refund within 60 days of notice.