



California New Car Dealers Association

April 26, 2011

The Honorable Jerry Brown
Governor, State of California
The State Capitol, First Floor
Sacramento, California 95814

FOR ENROLLED BILL FILE

***Re: AB 125 (Committee on Insurance) – Guaranteed Automobile Protection (GAP)
Agreements
Position: SIGNATURE REQUESTED***

Dear Governor Brown:

The California New Car Dealers Association (CNCDA) is a statewide trade association that represents the interests of over 1100 franchised new car and truck dealer members. CNCDA members are primarily engaged in the retail sale and lease of new and used motor vehicles, but also engage in automotive service, repair and part sales. We are writing to urge your signature on AB 125 which would make clarifying changes to AB 2782 of 2010, last year's insurance committee omnibus bill. As an urgency measure, AB 125 makes clear that a vehicle sales or lease contract may include a promise to waive some or all of some of the amount of the purchaser's or lessee's deductible.

Last year's bill sought to clearly define when GAP agreements would or would not be considered insurance. In an apparent drafting oversight, the bill did not address the fairly common instance of a GAP agreement for the sale or lease of a vehicle that also provided for coverage of a portion of the customer's insurance deductible. Without AB 125, this would mean consumers would be paying for GAP agreements that actually covered less than was the case before last year's bill. This was not the intent of the measure and AB 125 rectifies that mistake.

Based upon the foregoing, we respectfully urge your signature on AB 125. Should you or your staff have any questions or comments, please do not hesitate to give me a call.

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Very truly yours,

A handwritten signature in black ink, appearing to read "Brian Maas". The signature is fluid and cursive, with a large initial "B" and "M".

Brian Maas
Director of Government Affairs

BWM:ef

cc: The Honorable Jose Solorio
Gareth Elliott, Legislative Secretary
Ralph Simoni, California Advocates, Inc.

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