

516E.5 Disclosure to service contract holders contract provisions.

1. A motor vehicle service contract shall not be issued, sold, or offered for sale in this state unless the contract conspicuously states that the obligations of the provider to the service contract holder are guaranteed under the service contract reimbursement policy, and unless the contract conspicuously states the name and address of the issuer of the reimbursement policy.

2. A motor vehicle service contract shall be written in clear, understandable language and the entire contract shall be printed or typed in easy-to-read type, size, and style, and shall not be issued, sold, or offered for sale in this state unless the contract does all of the following:

- a.* Clearly and conspicuously states that the obligations of the provider to the service contract holder are guaranteed under a service contract reimbursement insurance policy.
- b.* Clearly and conspicuously states the name and address of the issuer of the reimbursement insurance policy.
- c.* Identifies the motor vehicle service contract provider, the seller of the motor vehicle, and the service contract holder.
- d.* Sets forth the total purchase price and the terms under which the purchase price is to be paid.
- e.* Sets forth the procedure for making a claim, including a telephone number.
- f.* Clearly and conspicuously states the dates that coverage starts and ends and the existence, terms, and conditions of a deductible amount, if any.
- g.* Specifies the merchandise or services, or both, to be provided and clearly states any and all limitations, exceptions, or exclusions.
- h.* Sets forth the conditions on which substitution of services will be allowed.
- i.* Sets forth all of the obligations and duties of the service contract holder, including but not limited to the duty to protect against any further damage to the motor vehicle, and the obligation to notify the provider in advance of any repair, if any.
- j.* Sets forth any and all terms, restrictions, or conditions governing transferability of the service contract, if any.
- k.* Describes or references any and all applicable provisions of the Iowa consumer credit code, chapter 537.
- l.* States the name and address of the commissioner.
- m.* Sets forth any and all conditions on which the service contract may be canceled, the terms and conditions for the refund of any portion of the purchase price, the identity of the person primarily liable to provide any refund, and the identity of any other person liable to provide any portion of the refund.

3. A complete copy of the terms of the motor vehicle service contract shall be delivered to the prospective service contract holder at or before the time that the prospective service contract holder makes application for the service contract. If there is no separate application procedure, then a complete copy of the motor vehicle service contract shall be delivered to the service contract holder at or before the time the service contract holder becomes bound under the contract.

CS85, §321I.5

90 Acts, ch 1145, § 4; 94 Acts, ch 1031, §1; 98 Acts, ch 1189, §2, 3; 2000 Acts, ch 1147, §15

C2001, §516E.5