

523C.13 Prohibited acts or practices — penalty — violations — contracts voided.

1. A licensed service company which offers motor vehicle service contracts for sale in this state, or its representative, shall not, directly or indirectly, represent in any manner, whether by written solicitation or telemarketing, a false, deceptive, or misleading statement with respect to any of the following:

a. Statements regarding the service company's affiliation with a motor vehicle manufacturer or importer.

b. Statements regarding the validity or expiration of a warranty.

c. Statements regarding a motor vehicle service contract holder's coverage under a motor vehicle service contract, including statements suggesting that the service contract holder must purchase a new service contract in order to maintain coverage under the existing service contract or warranty.

2. The commissioner may adopt rules which regulate motor vehicle service contracts and residential service contracts to prohibit misrepresentation, false advertising, defamation, boycotts, coercion, intimidation, false statements and entries and unfair discrimination or practices. If the commissioner finds that a person has violated the rules adopted under [this section](#), the commissioner may order any or all of the following:

a. Payment of a civil penalty of not more than one thousand dollars for each and every act or violation, but not to exceed an aggregate of ten thousand dollars, unless the person knew or reasonably should have known the person was in violation of [this section](#), in which case the penalty shall be not more than five thousand dollars for each and every act or violation, but not to exceed an aggregate penalty of fifty thousand dollars in any one six-month period. The commissioner shall, if it finds the violations of [this section](#) were directed, encouraged, condoned, ignored, or ratified by the employer of such person, assess such penalty to the employer and not such person. Any civil penalties collected under [this subsection](#) shall be deposited as provided in [section 505.7](#).

b. Suspension or revocation of the license of a person, if the person knew or reasonably should have known the person was in violation of [this section](#).

3. A violation of [this chapter](#) constitutes an unlawful practice pursuant to [section 714.16](#).

4. A service contract issued or sold in this state is void if the person that issued or sold the service contract, at the time of issuance or sale, was not licensed as a service company under [this chapter](#).

83 Acts, ch 87, §14; 92 Acts, ch 1078, §7; 2009 Acts, ch 181, §99; 2012 Acts, ch 1021, §101; 2019 Acts, ch 142, §10, 19

Referred to in §523C.9, 523C.17

Section amended