

191—54.50(523C) Prohibited acts or practices.

54.50(1) *Defamation.* A licensed service company is hereby prohibited from making, publishing, disseminating, or circulating, directly or indirectly, or aiding, abetting or encouraging the making, publishing, disseminating, or circulating of any oral or written statement or any pamphlet, circular, article or literature which is false, or maliciously critical of or derogatory to the financial condition of any person, and which is calculated to injure that person.

54.50(2) *Boycott, coercion, and intimidation.* A licensed service company is prohibited from entering into any agreement to commit, or by any concerted action committing, any act of boycott, coercion or intimidation resulting in or tending to result in unreasonable restraint of, or monopoly in, the service contract industry.

54.50(3) *False statements.* A licensed service company is prohibited from knowingly filing with any supervisory or other public official, or knowingly making, publishing, disseminating, circulating or delivering to any person, or placing before the public, or knowingly causing directly or indirectly, to be made, published, disseminated, circulated, delivered to any person, or placed before the public, any false material statement of fact as to the financial condition of a person.

54.50(4) *False entries.* A licensed service company is prohibited from knowingly making any false entry of a material fact in any book, report or statement of any person or knowingly omitting to make a true entry of any material fact pertaining to the business of that person in any book, report or statement of that person.

54.50(5) *Misrepresentation, false advertising, and unfair practices.*

a. Unless licensed as an insurance company, a licensed service company may not use in its name, contracts, or literature, any of the words “insurance,” “casualty,” “surety,” “mutual,” or any other words descriptive of the insurance, casualty or surety business or deceptively similar to the name or description of any insurance or surety corporation, or any other service company.

b. A licensed service company may not:

(1) Without the written consent of the residential customer, knowingly charge a residential customer for duplication of coverage or duties required by state or federal law, a warranty expressly issued by a manufacturer or seller of a product or any implied warranty enforceable against the lessor, seller or manufacturer of a product.

(2) Make, permit or cause any false or misleading statements, either oral or written, in connection with the sale, offer to sell or advertisement of a residential service contract.

(3) Permit or cause the omission of any material statement in connection with the sale, offer to sell or advertisement of a residential service contract, which under the circumstances should have been made in order to make the statements that were made not misleading.

(4) Make, permit or cause any false or misleading statements, either oral or written, about the benefits or services available under the residential service contract.

(5) Make, permit or cause any statement or practice which has the effect of creating or maintaining a fraud.

(6) Make, publish, disseminate, circulate or place before the public, or cause, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public in a newspaper, magazine or other publication, or in the form of a notice, circular, pamphlet, letter or poster, or over any radio or television station, or in any other way, an advertisement, announcement or statement containing any assertion, representation, or statement with respect to the service contract industry or with respect to any service company which is untrue, deceptive or misleading.

c. A bank, savings and loan association, insurance company or other lending institution shall not require the purchase of a residential service contract as a condition of a loan and shall not sell a residential service contract to a borrower unless the borrower signs an affidavit acknowledging that the purchase is not required.