

**House File 2756 - Reprinted**

HOUSE FILE 2756  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2714)  
(SUCCESSOR TO HSB 517)

(As Amended and Passed by the House April 8, 2026)

**A BILL FOR**

1 An Act relating to licensing of service companies, motor  
2 vehicle service contracts, and residential service contracts,  
3 and providing civil penalties and including effective date  
4 provisions.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 523C.1, Code 2026, is amended by adding  
2 the following new subsections:

3 NEW SUBSECTION. 1A. "*Communicating in a verifiable manner*"  
4 means communication by in-person delivery, first class mail,  
5 email, or, if there is an auditable record of the communication,  
6 by telephone or software application on an electronic device.

7 NEW SUBSECTION. 1B. "*Gross consideration*" means the total  
8 value of a service contract without deducting any expenses or  
9 costs.

10 NEW SUBSECTION. 6A. "*Person*" means an individual or a  
11 business entity.

12 NEW SUBSECTION. 12A. "*Service contract holder*" means the  
13 original purchaser of a service contract or the successor in  
14 interest or transferee entitled to services under the service  
15 contract.

16 NEW SUBSECTION. 12B. "*Substitute part*" means a part that is  
17 not issued by the original part manufacturer, including but not  
18 limited to a remanufactured part, an aftermarket part, and a part  
19 obtained from a salvage yard.

20 NEW SUBSECTION. 12C. "*Support services*" means a person that  
21 provides services that support, or a person that works under the  
22 direction of, a licensed service company in connection with the  
23 issuance, offer for sale, sale, or administration of a service  
24 contract in this state, including but not limited to a person  
25 that provides marketing, administrative, or technical support to  
26 a service company.

27 Sec. 2. Section 523C.1, subsection 4, Code 2026, is amended  
28 to read as follows:

29 4. "*Motor vehicle*" means any vehicle that is self-propelled  
30 ~~vehicle~~ and subject to registration under chapter 321.

31 Sec. 3. Section 523C.1, subsection 10, Code 2026, is amended  
32 to read as follows:

33 10. "*Residential service contract*" means a contract or  
34 agreement between a residential customer and a service company  
35 which undertakes, for a predetermined fee and for any period

1 of time, to service, maintain, repair, replace, or indemnify  
2 expenses for all or any part of the operational or structural  
3 components, appliances, or electrical, mechanical, plumbing,  
4 heating, cooling, or air-conditioning systems of residential  
5 property in the state which fails due to normal wear or tear or  
6 inherent defect. ~~"Residential service contract" also includes~~  
7 ~~a contract which provides for the service, repair, replacement,~~  
8 ~~or maintenance of property for, or damage resulting from power~~  
9 ~~surges, roof leakage, and or accidental damage.~~

10 Sec. 4. Section 523C.2, Code 2026, is amended by striking the  
11 section and inserting in lieu thereof the following:

12 **523C.2 License required.**

13 1. A person shall not, directly or indirectly, issue,  
14 offer for sale, or sell, a motor vehicle service contract or  
15 residential service contract in this state unless the person is  
16 licensed under this chapter.

17 2. This chapter shall not apply to any person that provides  
18 support services. A service company that utilizes support  
19 services shall ensure the support services' compliance with the  
20 issuance, offer for sale, or sale of a service contract under  
21 this chapter.

22 3. A service company shall maintain a license for the  
23 duration of time that the service company is contractually  
24 obligated to a service contract holder under the terms of a  
25 service contract, unless otherwise ordered by the commissioner  
26 after a hearing conducted pursuant to chapter 17A.

27 4. A service company shall report to the commissioner within  
28 thirty calendar days any material change to the information  
29 submitted by the service company in the service company's initial  
30 license application, or license renewal application, including a  
31 change in the service company's contact information, ownership,  
32 officers, or directors directly responsible for the service  
33 company's service contract business, or any other change that  
34 substantially affects the service company's operations in the  
35 state.

1 5. A service company shall report to the commissioner any  
2 final disposition of an administrative action taken against the  
3 service company related to the service company's service contract  
4 business in another jurisdiction within thirty calendar days of  
5 final disposition of the administrative action. The report must  
6 include a copy of the order, consent to the order, and other  
7 relevant legal documents.

8 6. Within thirty calendar days of the initial pretrial  
9 hearing date, a service company shall report to the commissioner  
10 a criminal prosecution in any jurisdiction of an owner with  
11 more than a ten percent ownership stake, an officer, or a  
12 director directly responsible for the service contract business  
13 of the service company, for an offense involving dishonesty  
14 or a false statement including but not limited to fraud,  
15 theft, misappropriation of funds, falsification of documents,  
16 deceptive acts or practices, or other related offenses. The  
17 report must include a copy of the initial complaint filed, the  
18 order resulting from the hearing, and any other relevant legal  
19 documents.

20 7. A residential service contract and a motor vehicle service  
21 contract shall not be considered insurance.

22 Sec. 5. Section 523C.3, Code 2026, is amended by striking the  
23 section and inserting in lieu thereof the following:

24 **523C.3 Application for license.**

25 1. Application for a license as a service company shall  
26 be filed with the commissioner on a form approved by the  
27 commissioner and must include all of the following information:

- 28 a. The name and principal address of the applicant.  
29 b. The state of incorporation of the applicant.  
30 c. The name and address of the applicant's registered agent  
31 for service of process in Iowa.

32 d. The legal name of all of the following:

33 (1) Each owner of the service company that has a greater than  
34 ten percent ownership stake in the service company.

35 (2) Each officer of the service company.

1 (3) Each director directly responsible for the business of  
2 the service company.

3 e. Evidence that the applicant has obtained any necessary  
4 authority from the secretary of state to transact business  
5 in this state. An applicant whose home state is not this  
6 state shall provide a certification, dated not more than thirty  
7 calendar days after the date of submission of an application,  
8 from the applicant's home state that certifies the applicant is  
9 in good standing in the applicant's home state.

10 f. Evidence of compliance with section 523C.5.

11 g. A copy of each motor vehicle service contract form to be  
12 used, issued, or offered for sale in this state by the service  
13 company.

14 h. A copy of each residential service contract form to be  
15 used, issued, or offered for sale in this state by the service  
16 company.

17 i. A national association of insurance commissioners'  
18 biographical affidavit for the chief executive officer and chief  
19 financial officer of the service company, or for the individuals  
20 in equivalent positions.

21 j. A list of any disciplinary actions taken against the  
22 service company, or any of the service company's owners who  
23 have an ownership stake in the service company of more than  
24 ten percent, officers, or directors directly responsible for  
25 the provider's service contract business, in the immediately  
26 preceding five consecutive years by a regulatory agency or state  
27 attorney general in any jurisdiction.

28 2. The application must be accompanied by a license fee in  
29 the amount of five hundred dollars.

30 3. If the application for a service company license contains  
31 the information under subsection 1, is accompanied by the fees  
32 under subsection 2, includes any additional information requested  
33 by the commissioner to verify the information in the application,  
34 and the commissioner has not denied the application pursuant to  
35 section 523C.9, the commissioner shall issue the license to the

1 applicant.

2 4. Fees collected under this section shall be deposited  
3 into the service company oversight fund as provided in section  
4 523C.24.

5 Sec. 6. Section 523C.4, Code 2026, is amended by striking the  
6 section and inserting in lieu thereof the following:

7 **523C.4 License expiration and renewal.**

8 1. A license issued under this chapter shall be valid for a  
9 period of one year and shall be renewed annually on or before  
10 August 31. A licensee must apply for renewal at least ninety  
11 calendar days prior to the license expiration date. A license  
12 that is not renewed prior to the expiration date may be deemed  
13 expired.

14 2. An application for license renewal must include the  
15 information required for an initial license as described in  
16 section 523C.3, subsection 1, paragraphs "a" through "f", and a  
17 list of each service contract form the service company continues  
18 to use, offer for sale, or issue in the state, including the  
19 service contract form name, number, and the date the form was  
20 last revised.

21 3. The license renewal application must be accompanied by all  
22 of the following:

23 a. A license renewal fee in the amount of two hundred  
24 dollars.

25 b. A fee in the amount of three percent of the aggregate  
26 amount of payments the service company received for the sale or  
27 issuance of residential service contracts in this state, less any  
28 refunds issued, during the immediately preceding calendar year,  
29 provided that such fee must be no greater than fifty thousand  
30 dollars.

31 c. In a format prescribed by the commissioner, information  
32 regarding service contracts in this state for the service company  
33 in the immediately preceding calendar year itemized as follows:

34 (1) The number of motor vehicle service contracts issued.

35 (2) The number of residential service contracts issued.

1 (3) The number of motor vehicle service contracts canceled.

2 (4) The number of residential service contracts canceled.

3 (5) The number of motor vehicle service contracts that  
4 expired.

5 (6) The number of residential service contracts that expired.

6 (7) The number of motor vehicle service contracts in effect  
7 on December 31 of the immediately preceding calendar year.

8 (8) The number of residential service contracts in effect on  
9 December 31 of the immediately preceding calendar year.

10 (9) The total dollar amount of motor vehicle service contract  
11 fees received by the service company.

12 (10) The total dollar amount of residential service contract  
13 fees received by the service company.

14 4. If the license renewal application complies with this  
15 section, includes any additional information requested by the  
16 commissioner to verify the information in the application, and  
17 the commissioner has not refused to renew the license pursuant  
18 to section 523C.9, the commissioner shall renew the license. If  
19 the commissioner refuses renewal of a license pursuant to section  
20 523C.9, the refusal shall be in writing setting forth the grounds  
21 for the refusal.

22 5. If a service company submits a license renewal application  
23 after the license has expired, the service company shall pay a  
24 reinstatement fee of eight hundred dollars, and the applicable  
25 fees pursuant to subsection 3.

26 6. A service company whose license has expired shall not  
27 offer, extend, or renew a service contract until the service  
28 company's license has been renewed or the service company has  
29 been issued a new license.

30 Sec. 7. Section 523C.7, Code 2026, is amended by striking the  
31 section and inserting in lieu thereof the following:

32 **523C.7 Disclosure to service contract holders — contract**  
33 **form — required provisions.**

34 1. A service contract shall not be issued, sold, or offered  
35 for sale in this state unless the service company does all of the

1 following:

2     a. Provides a receipt for the purchase of the service  
3 contract to the service contract holder.

4     b. Provides a complete sample copy of the service contract  
5 to the consumer prior to purchase. A service company may comply  
6 with this paragraph by providing the consumer with a complete  
7 electronic sample copy of the service contract, or directing the  
8 consumer to a complete sample copy of the service contract on an  
9 internet site.

10     c. Provides a fully executed paper or electronic copy of  
11 the service contract to the service contract holder within ten  
12 business days of the date the service contract holder purchased  
13 the service contract. A paper copy of the executed service  
14 contract shall be provided to the service contract holder upon  
15 request of the service contract holder at the expense of the  
16 service company.

17     2. A service contract issued, sold, or offered for sale in  
18 the state must comply with all of the following, as applicable:

19     a. A service contract must be written in clear,  
20 understandable language in at least eight point type.

21     b. (1) A service contract insured under a reimbursement  
22 insurance policy as provided in section 523C.5, subsection 1,  
23 must include a statement in substantially the following form:  
24 Obligations of the service company under this service contract  
25 are guaranteed under a reimbursement insurance policy. If the  
26 service company fails to pay or provide service on a claim within  
27 sixty days after proof of loss has been filed with the service  
28 company, the service contract holder is entitled to make a claim  
29 directly against the reimbursement insurance policy.

30     (2) A service contract insured under a reimbursement  
31 insurance policy must conspicuously state the name and address of  
32 the issuer of the reimbursement insurance policy for that service  
33 contract. A claim against a reimbursement insurance policy must  
34 also include a claim for return of any refund due in accordance  
35 with paragraphs "m" and "n".

1 c. A service contract not insured under a reimbursement  
2 insurance policy must contain a statement in substantially the  
3 following form:

4 Obligations of the service company under this service contract  
5 are backed by the full faith and credit of the service company  
6 and are not guaranteed under a reimbursement insurance policy.

7 d. A service contract must state the name and address of  
8 the service company obligated to perform services under the  
9 contract, and must conspicuously identify the service company,  
10 any third-party administrator, and the service contract holder  
11 to the extent that the name and address of the service contract  
12 holder has been furnished. The identities of such parties shall  
13 not be required to be printed on the contract in advance and may  
14 be added to the contract at the time of sale.

15 e. A service contract must clearly state the total purchase  
16 price of the service contract and the terms under which the  
17 service contract is sold. The total purchase price shall not  
18 be required to be printed on the contract in advance and may be  
19 added to the contract at the time of sale.

20 f. If prior approval of repair work is required, a service  
21 contract must conspicuously describe the procedure for obtaining  
22 prior approval and for making a claim, including a toll-free  
23 telephone number for claim service, and the procedure for  
24 obtaining emergency repairs performed outside of normal business  
25 hours.

26 g. A service contract must clearly state any waiting period  
27 applicable to coverage under the service contract.

28 h. A service contract must clearly state the existence of any  
29 deductible amount.

30 i. A service contract must specify the merchandise or  
31 services, or both, to be provided and any limitations,  
32 exceptions, or exclusions.

33 j. A service contract must clearly state the conditions on  
34 which the use of substitute parts or services will be allowed.  
35 Such conditions must comply with applicable state and federal

1 laws.

2 k. A service contract must clearly state any terms,  
3 restrictions, or conditions governing the transferability of the  
4 service contract.

5 l. A service contract must clearly state the instructions  
6 for cancellation of the service contract by the service contract  
7 holder. Cancellation instructions must include the phone number,  
8 email address, or mailing address necessary for the cancellation  
9 of the service contract. A service company shall accept  
10 cancellation of a service contract from a service contract holder  
11 by one or more of the following methods:

12 (1) Telephone.

13 (2) Email.

14 (3) The method utilized by the service company to enter into  
15 the service contract with the service contract holder.

16 m. A service contract must clearly state the terms and  
17 conditions governing the cancellation of the contract prior  
18 to the termination or expiration date of the contract by the  
19 service company or the service contract holder. If the service  
20 company cancels the contract, the service company shall mail a  
21 written notice of termination to the service contract holder at  
22 least fifteen calendar days before the date of the termination.  
23 Prior notice of cancellation by the service company shall not  
24 be required if the reason for cancellation is nonpayment of  
25 the purchase price, a material misrepresentation by the service  
26 contract holder to the service company or the support services  
27 for the service company, or a substantial breach of duty by the  
28 service contract holder relating to the covered product or use  
29 of the covered product. The notice of cancellation must state  
30 the effective date of the cancellation and the reason for the  
31 cancellation. If a service contract is canceled by the service  
32 company for any reason other than nonpayment of the purchase  
33 price, the service company shall refund the service contract  
34 holder in an amount equal to one hundred percent of the unearned  
35 purchase price paid, calculated on a pro rata basis based upon

1 elapsed time or mileage, less any claims paid. The service  
2 company may also charge a reasonable administrative fee in an  
3 amount no greater than ten percent of the total purchase price.  
4 A penalty of ten percent of the original dollar amount of the  
5 refund shall be added to the refund each month if the refund is  
6 not paid to the service contract holder within thirty calendar  
7 days.

8 n. (1) A service contract must permit the original service  
9 contract holder who purchased the contract to cancel the service  
10 contract within at least thirty calendar days of the effective  
11 date of the service contract, provided no claims have been paid  
12 under the service contract, or within a longer period of time  
13 as permitted under the service contract. If a claim has not  
14 been paid under the service contract prior to cancellation by  
15 the service contract holder, the service contract is void and the  
16 full purchase price of the service contract shall be refunded to  
17 the service contract holder. A penalty of ten percent of the  
18 original dollar amount of the refund shall be added to the refund  
19 each month if the refund is not paid to the service contract  
20 holder within thirty calendar days, unless the service contract  
21 holder fails to provide the information required by the service  
22 contract to complete the cancellation.

23 (2) If the service contract holder cancels the service  
24 contract in violation of subparagraph (1), the service company  
25 shall refund the service contract holder an amount equal to one  
26 hundred percent of the unearned purchase price paid, calculated  
27 on a pro rata basis based upon elapsed time or mileage, less any  
28 claims paid. The service company may also charge a reasonable  
29 administrative fee in an amount no greater than ten percent of  
30 the total purchase price. A penalty of ten percent of the  
31 original dollar amount of the refund shall be added to a refund  
32 each month if the refund is not paid to the service contract  
33 holder within thirty calendar days of the service contract  
34 cancellation request, unless the service contract holder fails  
35 to provide the information required in the service contract to

1 complete the cancellation.

2 o. A service contract must set forth all obligations and  
3 duties of the service contract holder, including but not limited  
4 to the duty to protect against any further damage, and the  
5 obligation to follow an owner's manual and to perform, or have  
6 performed, all required service or maintenance.

7 p. A service contract must clearly state if the contract  
8 covers or excludes consequential damages and preexisting  
9 conditions, if applicable. A service contract may, but is not  
10 required to, cover damage resulting from rust, corrosion, or  
11 damage caused by a part or system not covered under the service  
12 contract.

13 q. A service contract must clearly state the service call  
14 fee, if any, charged to the service contract holder.

15 r. A service contract must state the name and address of  
16 the commissioner, the current toll-free telephone number of the  
17 division, and a statement that a consumer may file a complaint  
18 with the division, including by filing a complaint on the  
19 division's internet site.

20 s. A service contract must state that if the claim covered  
21 under a residential service contract relates to the total loss of  
22 heating, cooling, or plumbing, or substantial loss of electrical  
23 service, and the claim being made by the service contract holder  
24 is essential to the health and safety of the service contract  
25 holder or, if applicable, the service contract holder's family,  
26 the service company shall ensure all of the following:

27 (1) Repair or replacement of the essential good commences  
28 within forty-eight hours after the report of the claim, and is  
29 completed as soon as reasonably practicable.

30 (2) Notice is provided to the service contract holder if a  
31 repair cannot practicably be completed within three calendar days  
32 after the report of the claim. The service company shall provide  
33 a status report to the service contract holder by communicating  
34 in a verifiable manner as soon as practicable, but no later than  
35 three calendar days after the date of the report of the claim.

1 The status report must include all of the following:

2 (a) A list of all required repairs, replacements, or  
3 services, and the estimated cost to the service contract holder  
4 if known.

5 (b) The primary reason the required repair, replacement, or  
6 service will take longer than three calendar days, including the  
7 status of all parts required for the repair, replacement, or  
8 service.

9 (c) The current estimated length of time to complete the  
10 repair, replacement, or service.

11 (d) The telephone number of the service company in the event  
12 the service contract holder or the commissioner wants to make  
13 an inquiry concerning the claim, and a commitment by the service  
14 company to respond to an inquiry no later than one business day  
15 after the date the inquiry is received.

16 Sec. 8. NEW SECTION. **523C.8 Service contract forms —**  
17 **fees.**

18 1. A service company shall file with the division an accurate  
19 copy of each service contract form prior to using the service  
20 contract form for the sale of a service contract in this state.

21 2. At the time of filing a new or modified motor vehicle  
22 service contract form with the division a service company shall  
23 pay a fee in the amount of thirty-five dollars for a new or  
24 modified motor vehicle service contract form filed with the  
25 division. If a service company files a modified motor vehicle  
26 service contract form, and the only modification to the motor  
27 vehicle service contract form is information required by section  
28 523C.7, subsection 2, paragraph "r", the service company shall  
29 not be required to pay a fee for filing the modified motor  
30 vehicle service contract form.

31 3. Notwithstanding section 523C.7, a service company may  
32 continue to use a service contract form that is noncompliant with  
33 this chapter until January 1, 2028, provided no changes are made  
34 to the service contract form and the service contract form was  
35 filed with the division before January 1, 2027.

1     Sec. 9. Section 523C.9, Code 2026, is amended by striking the  
2 section and inserting in lieu thereof the following:

3     **523C.9 License denial, nonrenewal, suspension, or**  
4 **revocation.**

5     1. The commissioner may, at the commissioner's discretion and  
6 without advance notice or hearing, immediately suspend a service  
7 company's license if the commissioner finds that any of the  
8 following are true:

9     a. The service company is insolvent or impaired.

10    b. A proceeding for receivership, conservatorship,  
11 rehabilitation, or other delinquency proceeding regarding the  
12 service company has been commenced in any state.

13    c. The financial condition or business practices of the  
14 service company otherwise pose an imminent threat to the public  
15 health, safety, or welfare of the residents of this state.

16    2. The commissioner may suspend or revoke the license of,  
17 deny an application for a license from, or refuse to renew the  
18 license of, a service company, or may levy a civil penalty as  
19 provided in section 523C.13 against a service company, for any of  
20 the following reasons:

21    a. The service company violated this chapter, a lawful  
22 order, regulation, or subpoena issued by the commissioner or a  
23 regulatory authority of another state.

24    b. The service company failed to pay a final judgment  
25 rendered against the service company in this state within sixty  
26 calendar days after the date the judgment became final.

27    c. The service company, without just cause, refused to  
28 perform, or negligently or incompetently performed, a service  
29 required to be performed under the service company's service  
30 contracts and the refusal, or negligent or incompetent  
31 performance, has occurred with such frequency as determined by  
32 the commissioner, as to indicate the general business practices  
33 of the service company.

34    d. The service company violated section 523C.13.

35    e. The service company failed to demonstrate financial

1 responsibility pursuant to section 523C.5, if applicable.

2 *f.* The service company failed to maintain a corporate  
3 certificate of good standing pursuant to section 523C.3,  
4 subsection 1.

5 *g.* The service company provided incorrect, misleading,  
6 incomplete, or materially untrue information in the service  
7 company's license application.

8 *h.* The service company obtained or attempted to obtain a  
9 license through misrepresentation or fraud.

10 *i.* The service company improperly withheld, misappropriated,  
11 or converted any money or property received in the course of  
12 business as a service company.

13 *j.* The service company intentionally misrepresented the terms  
14 of an actual or proposed service contract.

15 *k.* Within the immediately preceding ten consecutive years, an  
16 owner who has an ownership stake in the service company of more  
17 than ten percent, an officer, or a director directly responsible  
18 for the business of the service company has been convicted of  
19 a criminal offense involving any aspect of a business involving  
20 securities, commodities, investments, franchises, insurance,  
21 banking, or finance.

22 *l.* An owner who has an ownership stake in the service  
23 company of more than ten percent, an officer, or a director  
24 directly responsible for the business of the service company  
25 has been convicted of a criminal offense involving dishonesty or  
26 a false statement, including but not limited to fraud, theft,  
27 misappropriation of funds, falsification of documents, deceptive  
28 acts or practices, or other related offenses.

29 *m.* The service company admitted to committing, or was found  
30 to have committed, any unfair trade practice or fraud.

31 *n.* The service company used fraudulent, coercive,  
32 or dishonest practices, or demonstrated incompetence,  
33 untrustworthiness, or financial irresponsibility, in conducting  
34 business in this state or any other state.

35 *o.* The service company had a service company license or its

1 equivalent, denied, suspended, or revoked in any other state,  
2 province, district, or territory.

3 p. The service company failed, or refused, to cooperate in an  
4 investigation conducted by the commissioner of insurance.

5 q. The commissioner has found the service company to be  
6 incompetent, untrustworthy, financially irresponsible, or not of  
7 good personal or business reputation.

8 r. The service company has refused to be examined or to  
9 produce the service company's accounts, records, or files for  
10 examination, or any individual responsible for the conduct of the  
11 affairs of the service company has refused to provide information  
12 with respect to the service company's affairs or has refused to  
13 perform any other legal obligation as to an examination.

14 s. The service company has engaged, directly or indirectly,  
15 in an unfair method of competition or unfair or deceptive act or  
16 practice.

17 3. If the commissioner suspends or revokes the license of,  
18 denies the application for licensure of, or refuses to renew  
19 the license of, a service company pursuant to this section, the  
20 commissioner shall notify the service company in writing and  
21 provide the reason for the suspension, revocation, denial, or  
22 nonrenewal. The licensee or applicant may request a hearing on  
23 the suspension, revocation, nonrenewal, or denial, and a hearing  
24 shall be conducted according to chapter 17A.

25 Sec. 10. Section 523C.13, Code 2026, is amended by striking  
26 the section and inserting in lieu thereof the following:

27 **523C.13 Prohibited acts or practices — penalty — violations**  
28 **— contracts voided.**

29 1. A service company, or the service company's support  
30 services, that offers service contracts for sale in this state  
31 shall not, directly or indirectly, represent in any manner,  
32 whether by written solicitation or telemarketing, a false,  
33 deceptive, or misleading statement with respect to any of the  
34 following:

35 a. The service company's affiliation with a motor vehicle

1 manufacturer or importer.

2 b. The validity or expiration of a warranty.

3 c. A motor vehicle service contract holder's coverage under a  
4 motor vehicle service contract, including statements suggesting  
5 that the service contract holder must purchase a new service  
6 contract in order to maintain coverage under the existing service  
7 contract or warranty.

8 d. Descriptions of the service contract as a "policy".

9 2. A licensed service company which offers service contracts  
10 for sale in this state shall not, directly or indirectly, do any  
11 of the following:

12 a. Fail to attempt, in good faith, to effectuate the prompt,  
13 fair, and equitable resolution of a claim made under a service  
14 contract.

15 b. Create or use any advertising that does not include the  
16 name of the licensed service company or direct consumers to an  
17 internet site where the name of the licensed service company can  
18 be found.

19 c. Use any method of marketing that may induce the purchase  
20 of a service contract through force, fear, or threats, whether  
21 explicit or implied.

22 d. Create or use any service contract marketing materials  
23 that contain incorrect or misleading information.

24 e. Use, offer for sale, or issue in this state a service  
25 contract form that has not been submitted as part of a license  
26 application pursuant to section 523C.3, as part of a license  
27 application renewal pursuant to section 523C.4, or submitted to  
28 the division during the service company's current license period.

29 3. The commissioner may adopt rules pursuant to chapter 17A  
30 that regulate service contracts to prohibit misrepresentation,  
31 false advertising, defamation, boycotts, coercion, intimidation,  
32 false statements and entries, and unfair discrimination or  
33 practices.

34 4. After a hearing, if the commissioner finds that a person  
35 violated this chapter or a rule adopted under this chapter, the

1 commissioner may order the person to cease and desist from the  
 2 violation and may order the person to pay a civil penalty of  
 3 not more than one thousand dollars for each violation, not to  
 4 exceed an aggregate of ten thousand dollars, unless the person  
 5 knew or reasonably should have known the person was in violation  
 6 of this chapter, in which case the civil penalty shall be no  
 7 more than five thousand dollars for each violation, not to exceed  
 8 an aggregate of fifty thousand dollars in any one consecutive  
 9 six-month period. If the commissioner finds a violation of this  
 10 chapter was directed, encouraged, condoned, ignored, or ratified  
 11 by the employer of such person or by a service company, the  
 12 commissioner shall assess a penalty to the employer or service  
 13 company. Any civil penalties collected under this subsection  
 14 shall be deposited as provided in section 505.7.

15 5. A violation of this section or section 523C.7 constitutes  
 16 an unlawful practice pursuant to section 714.16.

17 6. A service contract issued or sold in this state by a  
 18 service company that was not licensed as a service company at the  
 19 time the service contract was issued or sold shall be void and  
 20 unenforceable.

21 Sec. 11. Section 523C.22, Code 2026, is amended to read as  
 22 follows:

23 **523C.22 Claim procedures.**

24 A licensed service company shall promptly provide a written  
 25 explanation to the service contract holder, describing the  
 26 reasons for denying a claim or for the offer of a compromise  
 27 settlement, based on all relevant facts or legal requirements  
 28 and referring to applicable provisions of the service contract.  
 29 The written explanation must include the process for filing a  
 30 complaint with the division, including the division's internet  
 31 site for accessing the complaint form.

32 Sec. 12. Section 523C.23, subsection 1, paragraph b, Code  
 33 2026, is amended by adding the following new subparagraphs:

34 NEW SUBPARAGRAPH. (4) During an investigation or proceeding  
 35 conducted under this chapter, the commissioner or any designee of

1 the commissioner may administer oaths and affirmations, subpoena  
2 witnesses, compel witnesses' attendance, take evidence, and  
3 require the production of any records which the commissioner  
4 deems relevant or material to the investigation or proceeding.

5 NEW SUBPARAGRAPH. (5) Conduct an investigation of a  
6 suspected violation of this chapter and enforce the provisions  
7 of, and impose any penalty or remedy authorized by, this chapter  
8 against any person who is under investigation for, or charged  
9 with, a violation of this chapter even if the person's license  
10 has been surrendered or has lapsed by operation of law.

11 Sec. 13. Section 523C.23, subsection 1, paragraph c, Code  
12 2026, is amended by striking the paragraph.

13 Sec. 14. Section 523C.23, subsection 3, Code 2026, is amended  
14 by striking the subsection.

15 Sec. 15. NEW SECTION. **523C.25 Confidentiality.**

16 1. Notwithstanding chapter 22, the commissioner shall  
17 maintain the confidentiality of information submitted to the  
18 division or obtained by the division in the course of an  
19 investigation, examination, or inquiry pursuant to this chapter  
20 or the commissioner's licensing authority, including all notes,  
21 work papers, or other documents. Information obtained by the  
22 commissioner in the course of investigating a complaint or  
23 inquiry may, at the discretion of the commissioner, be provided  
24 to the service company that is the subject of the complaint or  
25 inquiry and the consumer who filed the complaint or inquiry,  
26 without waiving the confidentiality afforded to the commissioner  
27 or to any other person by this section. The commissioner may  
28 disclose or release information that is otherwise confidential  
29 under this subsection in the course of an administrative or  
30 judicial proceeding.

31 2. Notwithstanding subsection 1, if the commissioner  
32 determines that it is necessary in the public interest, the  
33 commissioner may share information submitted to the division or  
34 obtained by the division in the course of an investigation,  
35 examination, or inquiry pursuant to this chapter with other

1 regulatory authorities or government agencies.

2 3. Notwithstanding subsection 1, if the commissioner  
3 determines that it is necessary in the public interest,  
4 the commissioner may publish service company-related data or  
5 information submitted to the division or obtained by the division  
6 in the course of an investigation, examination, or inquiry  
7 pursuant to this chapter. Such information may be redacted  
8 so that neither personally identifiable information nor service  
9 company identifiable information is made available.

10 4. Notwithstanding subsection 1, the commissioner may publish  
11 on the division's internet site the name, physical address,  
12 telephone number, and license status of any service company  
13 submitted to the division or obtained by the division in the  
14 course of an investigation, examination, or inquiry pursuant to  
15 this chapter.

16 Sec. 16. Section 714.16, subsection 2, Code 2026, is amended  
17 by adding the following new paragraph:

18 NEW PARAGRAPH. t. It is an unlawful practice for a person to  
19 violate section 523C.7 or 523C.13.

20 Sec. 17. EFFECTIVE DATE. This Act takes effect January 1,  
21 2027.