



HOUSE REPUBLICAN STAFF ANALYSIS

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|----------------|--------------------------|-----------------|------------------------------|
| Bill: | House File 2756 | House Commerce: | PASSED 2/16/26 (22-0) |
| Committee: | Commerce | House Ways: | PASSED 4/1/26 (25-0) |
| Floor Manager: | Rep. Mike Vondran | House Floor: | |
| Date: | April 8, 2026 | Senate Floor: | |
| Staff: | Natalie Ginty (281-7479) | Governor: | |

Service Contracts

- This bill comes from the Department of Insurance and Financial Services to update Iowa's regulations of service contract companies. DIFS outlines the following changes based on significant complaints from consumers:
 - Amend licensure requirements for third-party support services
 - Requires necessary information for IID to make a determination about their license
 - Allows individuals the ability to cancel their contract and receive a full refund
 - Allows current contracts to continue until January 2028
 - Allows IID to stop bad actors based on reasons for denial, nonrenewal, suspension and revocation of licenses
 - Requires processes for appeal to be in the written explanation provided to customers

Section by Section Analysis

Sections 1-3 (Iowa Code 523C.1)

Adds definitions of "communicating in a verifiable manner", "gross consideration", "person", "service contract holder", "substitute part", and "support services" to the Residential and Motor Vehicle Service Contracts code chapter. Also revises the definition of "motor vehicle" and "residential service contract".

Section 4 (Iowa Code 523C.2)

Complete rewrite of the license requirements under this code chapter. This section does the following:

- Requires service contractors that sell motor vehicle or residential service contracts, not their support services, to be licensed in the state.
- Services companies must follow the terms of the service contract.
- Report to the Commissioner within 30 days of any material change to information submitted in the initial license application or renewal, any administrative action against the company, and any prosecutions against someone with a 10% or more ownership stake/officer/director

Section 5 (Iowa Code 523C.3)

Complete rewrite of the application requirements under this code chapter. This section does the following:

- IID prescribes the form and it must include name, address, ownership, officers, directors, certificate of good standing, copy of contracts, biographical affidavits, list of disciplinary actions
- \$500 license fee deposited into the service company oversight fund

Section 6 (Iowa Code 523C.4)

Complete rewrite of the license expiration and renewal requirements under this code chapter. This section does the following:

- Valid for a year and renewed annually by August 31, apply at least 90 days prior to expiration for renewal
- \$200 fee plus 3% aggregate amount of payments received over the year but not exceeding \$50,000.
- Information on contracts issued, cancelled and expired and total dollar amounts
- Refusal to reissue a license by the IID shall be in writing with the grounds for the refusal
- Reinstatement fee of \$800 along with the application fee if applying after license expiration

Section 7 (Iowa Code 523C.7)

Complete rewrite of the disclosure requirements under this code chapter. This section does the following:

- Provides a receipt and a copy of the contract to the consumer
- Provides certain requirements that are listed in the contract, including purchase price, deductible, how to file a complaint and prior approval procedures
- Cancellation provisions with refund provisions and penalties paid to the contract holder if violated
- Specific provisions required of contracts for heating, cooling, plumbing, refrigeration, or electrical service

Section 8 (Iowa Code 523C.8) – New Section

Requires service companies to file a copy of each contract prior to using the contract with IID. There is a fee of \$35 for a new or modified motor vehicle service contract. Allows for service contract forms not in compliance with this law to be able to be used until January 1, 2028, if not revised before January 1, 2027.

Section 9 (Iowa Code 523C.9)

Complete rewrite of the denial and suspension requirements under this code chapter. This allows the commissioner to suspend or revoke the license of a service company and to levy a civil penalty for certain violations

Section 10 (Iowa Code 523C.13)

Complete rewrite of the prohibited acts section under this code chapter. This section does the following:

- Lists certain deceptive or misleading statements that are prohibited
- Allows IID to write rules
- Provides penalties for violations (not more than \$1,000 per violation, \$10,000 in aggregate 6 months/\$5,000 per and \$50,000 in aggregate 6 months if intentional).
- Violations are an unlawful practice

Section 11 (Iowa Code 523C.22)

Requires the written explanation to include how to file a complaint.

Sections 12-14 (Iowa Code 523C.23)

Conforming code change

Section 15 (Iowa Code 523C.25) – New Section

Sets out confidentiality requirements for the division

Section 16 (Iowa Code 714.16)

Adds that violations of this law are an unlawful practice under the consumer fraud code section.

Section 17 – Effective Date

January 1, 2027

Amendment Analysis

H-8324 by Vondran – Adds the effective date to the title.