59B.05 REQUIRED DISCLOSURE; SERVICE CONTRACTS.

Subdivision 1. **Readability and general disclosure.** Service contracts marketed, sold, offered for sale, issued, made, proposed to be made, or administered in this state must be written, printed, or typed in clear, understandable language that is easy to read and must disclose the requirements set forth in this section, as applicable.

Subd. 2. **Identities of parties.** Service contracts must state the name and address of the provider, and must identify any administrator if different from the provider, the service contract seller, and the service contract holder to the extent that the name of the service contract holder has been furnished by the service contract holder. The identities of the parties are not required to be preprinted on the service contract and may be added to the service contract at the time of sale.

Subd. 3. **Total purchase price and sales terms.** Service contracts must state the total purchase price and the terms under which the service contract is sold. The purchase price is not required to be preprinted on the service contract and may be negotiated at the time of sale with the service contract holder.

Subd. 4. **Deductibles.** Service contracts must state the existence of any deductible amount, if applicable.

Subd. 5. **Coverages, limitations, and exclusions.** No particular causes of loss or property are required to be covered, but service contracts must specify the merchandise and services to be provided and, with equal prominence, any limitations, exceptions, or exclusions including, but not limited to, any damage or breakdown not covered by the service contract. Service contracts may cover damage resulting from rust, corrosion, or damage caused by a noncovered part or system.

Subd. 6. **Restrictions on transferability.** Service contracts must state any restrictions governing the transferability of the service contract, if applicable.

Subd. 7. **Cancellation terms.** Service contracts must state the terms, restrictions, or conditions governing cancellation of the service contract prior to the termination or expiration date of the service contract by either the provider or the service contract holder. The provider of the service contract shall mail a written notice to the contract holder at the last known address of the service contract holder contained in the records of the provider at least 15 days before cancellation by the provider. Five days' notice is required if the reason for cancellation is nonpayment of the provider fee, a material misrepresentation by the service contract holder to the provider, or a substantial breach of duties by the service contract holder relating to the covered product or its use. The notice must state the effective date of the cancellation and the reason for the cancellation.

Subd. 8. **Duties of contract holder.** Service contracts must set forth all of the obligations and duties of the service contract holder, such as the duty to protect against any further damage and any requirement to follow the owner's manual.

Subd. 9. **Exclusions; consequential damages and preexisting conditions.** Service contracts may exclude coverage for consequential damages or preexisting conditions. These exclusions, if applicable, must be stated in the contract.

History: *1Sp2005 c 1 art 5 s 5; 2008 c 344 s 5*