

Standards of Conduct

Effective: April 11, 2011



Prepared by:
Mac Murray, Petersen & Shuster LLP
6530 West Campus Oval, Ste 210
New Albany, Ohio 43054
614.939.9955

Table of Contents

Preamble.....	4
Standards.....	4
Definitions.....	5
Basic Standards.....	6
Compliance with Federal and State Laws.....	6
Business Names.....	6
Misrepresentations Prohibited.....	7
False Sense of Urgency.....	8
False Sense of Exclusivity.....	8
Limited Time Offer.....	8
Voice Confirmations.....	8
Call Recording.....	8
Adequate Cash Reserves.....	9
Contracts.....	9
Customer Service.....	9
Opt-out Requests.....	9
Duplicative Coverage.....	9
Compliance Officer.....	10
Additive Products.....	10
Criminal Background Checks.....	10
Audits.....	10
Advertising.....	10
Substantiation.....	10
Compliance with Federal and State Laws.....	10
Use of the Term “Free”.....	10
Material Terms of Offer.....	11
Informational Marketing Pieces.....	11
Mailing Lists and Lead Generation Materials.....	11
False and Misleading Advertising Prohibited.....	11
Financing Terms Prohibited.....	11

Vehicle Identification Number.....	12
Knowledge of Noncompliant Marketing Materials.....	12
Offers.....	12
General Requirements.....	12
Disclosure of Material Terms and Conditions.....	12
Consumer’s Affirmative Consent Required	13
Outbound Telemarketing.....	13
Federal and State Do Not Call Laws.....	13
Disclosures.....	14
Caller ID.....	14
Calling Time and/or Day Restrictions.....	14
Automatic Telephone Dialing Systems	15
Prerecorded Messages.....	16
Association Do Not Call List.....	16
Third Party Telemarketing Vendors.....	16
Negative Option Requirements.....	17
Refund Policies and Procedures.....	17
Disclosure of Refund Policy.....	17
Minimum Full Refund Period.....	17
State Cancellation Laws.....	17
Written Cancellation Fee Calculation.....	17
Cash Reserves.....	17
Security of Customer Information.....	18
General Requirements.....	18
Written Information Security Plan.....	18
Service Providers.....	18
Privacy Policy and Data Collection Practices.....	19
Online Privacy Policy.....	19
Content of Privacy Policy.....	19
Sale of Personal Information.....	19
Notification of Privacy Policy Changes.....	19

Controls	19
Data Collection	19
Evaluation of Policy and Procedures	20
Consumer Complaint Process.....	20
Written Policy and Procedures	20
Handling of Complaints.....	20
Identification of Patterns.....	21
Appendix A: Voice Confirmation Disclosure.....	22
Appendix B: Guidelines for Using the Term “Warranty” in Internet Marketing.....	23

VEHICLE PROTECTION ASSOCIATION

STANDARDS OF CONDUCT

Preamble

Sound business practices and redundant standards result in business longevity and a solid reputation. Members of the Vehicle Protection Association (“Association” or “VPA”) subscribe to this principle. Members agree to the Standards of Conduct herein to ensure that a consumer’s experience with a Member is exemplary. Because Members perform different functions, not all of the Standards in the Association’s Standards of Conduct may apply to each Member. A Member must comply with all standards that apply to his or her business.

The Standards of Conduct are intended to guide the Association’s Members in the ethical conduct of business with consumers. All Members must conduct business in a manner that supports the Standards’ aims and principles. These Standards acknowledge that industry and consumers are best served when industry enacts self-regulatory measures, and as such, self-regulation is preferable to governmental mandates. Self-regulatory actions are more readily adaptable to changing techniques and economic and social conditions. They encourage widespread use of sound business practices.

Because dishonest, misleading or offensive communications discredit all members of the industry, Members should take reasonable steps to encourage other industry members to follow these Standards as well. The Association’s goal is to enhance the customer experience by providing training, establishing cohesive standards, defining quality products and reliable services while establishing a self regulatory mechanism.

Standards

This document serves as the Association’s Standards of Conduct for its members. Members shall truthfully and accurately answer all inquiries, to the best of their knowledge, made by the Association during an investigation of a potential violation of these Standards.

These Standards create a floor, not a ceiling; therefore, no Member is precluded from implementing policies and procedures that provide greater consumer protections than these Standards. Not all of these Standards will apply to all Members, and other controls in addition to these Standards may be required. Where there is a conflict between these Standards and any state and/or federal rule governing practices and procedures, the controlling state or federal rule prevails. Whenever a question exists as to the scope of the applicability of any of these Standards, the assumption is that such Standard should be interpreted broadly to protect consumers’ interests to the maximum extent possible.

1. Definitions

- 1.1. “*Administrator*” or “*Provider*” means a company that is contractually obligated to the service contract holder under the terms of a vehicle service contract.
- 1.2. “*Automatic Telephone Dialing System*” means equipment which has the capacity to store or produce telephone numbers to be called using a random or sequential number generator and do dial such numbers. This term includes predictive dialers.
- 1.3. “*De-Certified Company*” means any company that previously qualified as a VPA Certified Company, whose certification has been revoked by the VPA for violation of these Standards or for any other reason.
- 1.4. “*Extended Warranty*” or “*Warranty*” means a guarantee given to the purchaser by the seller or manufacturer stating that a product is reliable and free from known defects and that the seller or manufacturer will repair or replace defective parts within a given time limit and under certain conditions. A vehicle service contract is not an extended warranty.
- 1.5. “*Fulfillment Company*” means any company responsible for sending a vehicle service contract to a consumer on behalf of the Marketer and/or Administrator following the sale of the service contract.
- 1.6. “*Member*” or “*VPA Member Company*” means any company that has agreed to abide by the rules, regulations and standards set forth by the VPA, has paid the annual dues required for membership and whose membership has not lapsed or been revoked. A Member may also qualify as a Marketer, Administrator, Payment Processor, VPA Certified Company, etc.
- 1.7. “*Marketing Methods*” mean the methods used by Marketers to contact consumers and/or induce consumers to contact them for the purpose of selling or offering to sell vehicle service contracts. Marketing methods include, but are not limited to, direct mail, outbound telemarketing, email and internet marketing.
- 1.8. “*Non-VPA Member*” means any company that operates in the vehicle service contract industry, which does not qualify as a VPA Certified Company.
- 1.9. “*Payment Processor*” or “*Payment Processing Company*” means a company that collects payments from consumers who have elected to pay for a vehicle service contract over a certain period of time.
- 1.10. “*Service Contract Holder*” or “*Holder*” means the purchaser of a vehicle service contract.
- 1.11. “*Third Party Telemarketing Vendor*” or “*Vendor*” means a company that conducts outbound or inbound telemarketing campaigns on behalf of a Marketer or Administrator, using the Marketer’s or Administrator’s name, rather than its own name, during the telephone solicitations.

- 1.12. “*Vehicle Service Contract*” or “*Service Contract*” means a contract or agreement for a separately stated consideration and for a specific duration to perform the repair, replacement, or maintenance of a motor vehicle or indemnification for repair, replacement, or maintenance, for the operational or structural failure due to a defect in materials, workmanship, or normal wear and tear.
- 1.13. “*Vehicle Service Contract Marketer*” or “*Marketer*” means a company that markets, sells or offers to sell vehicle service contracts to consumers, which is not contractually obligated to the service contract holder under the terms of the vehicle service contracts it sells.
- 1.14. “*VPA Certified Company*” or “*Certified Company*” means any Member that has successfully undergone the VPA certification process by an independent auditor, has been approved for certification by the VPA Board of Directors and whose certification has not lapsed or been revoked.
- 1.15. “*VPA Pre-Certified Company*” or “*Pre-Certified Company*” means any Member that has completed the required pre-certification audit forms, paid the retainer fee to the independent VPA audit firm, and scheduled the initial visit to their facility by the VPA audit firm.

2. Basic Standards

- 2.1. Compliance with Federal and State Laws. Members shall operate in accordance with laws and regulations of the Federal Trade Commission, the Federal Communications Commission, the Federal Reserve Board, the United States Postal Service and all other applicable federal, state, and local regulations and laws.
 - 2.1.1. *Due Diligence*. Members shall conduct due diligence to ensure that companies with whom they do business are also complying with the law. Merely relying on a contract provision requiring the parties to comply with all applicable laws, when the member has reason to believe that a business party is not operating consistent with legal requirements, is not sufficient to meet this standard.
 - 2.1.2. *Licensing*. Members shall meet all state licensing and marketing requirements applicable to the industry.
- 2.2. Business Names. Members shall register all names they conduct business under (“DBA names”) with the appropriate agency in each state it is required to do so.
 - 2.2.1. Members shall not conduct business under any deceptive or misleading DBA name(s), use a DBA name that is registered to another business and/or use any DBA name that is deceptively similar to a DBA name used by another business.
 - 2.2.2. Members shall not use DBA names that contain words such as “warranty,” “dealer,” “dealership,” “manufacturer” (including actual manufacturer’s name; e.g. “Ford”) or any other words that falsely imply that the company is somehow associated with the manufacturer of the motor vehicle.

- 2.2.3. Members shall not use any DBA that contains words such as “insurance,” “surety,” “mutual” or any other words descriptive of the insurance, casualty or surety business, or a name deceptively similar to the name or description of any insurance or surety corporation.
- 2.2.4. Members shall provide the Association and/or the Association’s auditor(s) with a list of all DBA names it uses and/or has registered with any state agency.
- 2.2.5. Members shall, upon receiving notice from the Association, immediately cease use of any DBA names determined to violate these Standards.
- 2.3. Misrepresentations Prohibited. Members shall not misrepresent the nature of the products sold and/or the coverage offered.
- 2.3.1. *Scope of Coverage.* Members shall not misrepresent the scope of vehicle service contracts they sell by stating that they offer “bumper to bumper” coverage or use similar terms to represent or imply that all parts are covered under the contract.
- 2.3.2. *Warranty References.* Members shall not refer to a vehicle service contract as a “warranty,” “extended warranty” or similar term in any advertisement or during any sales solicitations. Members may use these words to describe the manufacturer’s coverage or as otherwise outlined in Appendix B.
- 2.3.2.1. It is the totality of the sales presentation that determines whether the presentation is deceptive or not. Thus, it is possible to comply with this Standard and still have a script or sales presentation that is deceptive. Members who choose to use these words must, therefore, ensure that their scripts in totality are not deceptive and must monitor sales presentations to insure that their sales representatives who use these words do not do so in a deceptive manner.
- 2.3.3. *References to Manufacturers.* Members shall not communicate with customers so as to infer that they are agents of the vehicle manufacturer if such is not the case. If a member refers to a manufacturer or dealer in a marketing piece, it must also disclose in the piece in a clear and conspicuous manner that it is not affiliated with those entities or state that it is an independent company selling vehicle service contracts.
- 2.3.4. *Insurance Terms.* Members shall not use in their advertisements, sales solicitations or any other description of their products, words such as “insurance,” “surety,” “mutual” or any other words descriptive of the insurance, casualty or surety business.

- 2.4. False Sense of Urgency. Members shall not create a *false* and misleading sense of urgency in their marketing materials. Members must be able to substantiate any claim of urgency *before* they distribute a marketing piece. Members shall not use language that indicates that a consumer’s warranty is expiring unless they possess information that establishes that the consumer’s current warranty will expire within a reasonable time in the near future.
- 2.5. False Sense of Exclusivity. Members shall not make an offer that gives a *false* and misleading sense of exclusivity. For example, a member shall not claim that an offer is “exclusive” or that the consumer was “preselected” unless that is true and the member only makes the offer to a select number of potential customers.
- 2.6. Limited Time Offers. Members shall not indicate that an offer is for “a limited time” or that the offer “will expire” unless the member is prepared to change or refuse to honor the original offer after the stated time period ends and be able to substantiate a reasonable limited time for the offer.
- 2.6.1. Members may also use this phrase if they have actual knowledge that the consumer’s vehicle is within 7500 miles or 6 months of no longer qualifying for exclusionary coverage or if they have actual knowledge of an impending rate increase.
- 2.7. Voice Confirmations. Members shall make a voice confirmation disclosure for all phone sales that includes all of the information contained in Appendix A, including but not limited to, the requirement to obtain express consent from the consumer to charge his or her credit or debit card. Appendix A represents the minimum confirmation disclosure requirements. Members may include additional disclosures not contained therein.
- 2.8. Call Recording. Members shall record all phone sales from start to finish, including but not limited to, the voice confirmation disclosure and corresponding consumer consent.
- 2.8.1. *Availability of Recordings.* Recordings shall be made available on demand to the Administrator, Payment Processing Company and Association.
- 2.8.2. *PCI Compliance.* The equipment used for the recording must be PCI compliant so that the consumer’s credit card number or ACH information are protected.
- 2.8.3. *Disclosure of Recording to Consumers.* The fact that the call is being recorded shall be disclosed to the consumer at the beginning of the call.
- 2.8.4. *Pausing.* Customer and/or sales representatives shall not have the ability to pause the recording other than to avoid recording credit card information.

- 2.9. Adequate Cash Reserves. Members shall ensure that they have adequate cash reserves to: (1) make timely refunds to all consumers entitled to such refunds pursuant to the terms of the vehicle service contract and/or applicable state and federal laws; and (2) to fund claims submitted by Service Contract Holders (if the Member is an Administrator).
- 2.9.1. *Due Diligence.* As part of the due diligence requirements outlined in Standard 2.1.1, Marketers, Administrators and Payment Processors shall ensure each business with which they conduct business has adequate cash reserves to issue refunds and/or pay claims.
- 2.10. Contracts. Members shall provide the purchaser with a copy of the contract electronically or mail the contract to the consumer within three (3) business days of when the consumer agrees to purchase the contract.
- 2.10.1. *Evidence of Shipment.* Members or their Fulfillment Companies shall maintain evidence that they sent the consumer their contract and when it was sent.
- 2.10.2. *Sample Contracts.* Members shall post a sample copy of all contracts they currently offer online.
- 2.10.2.1. Members shall direct prospective purchasers, who request to see a sample contract prior to making a purchase, to the web address where these contracts are displayed.
- 2.10.2.2. Members shall also offer to send a copy of the contract being offered to the consumer via electronic mail or by facsimile
- 2.10.3. *General Requirements.* The contract shall be dated, clearly written in understandable language and printed or typed in easy to read type.
- 2.10.4. *Contract Provisions.* The form of contract shall contain certain specific information including the price, products and services covered, limitations, exclusions, deductible amounts and other significant information (such as the initial payment) and must comply with all applicable state law requirements.
- 2.10.5. *Filing Contracts with States.* Where required, Members shall have their contracts approved by or filed with the appropriate state.
- 2.11. Customer Service. Members shall employ an adequate staff to promptly respond to customer service inquiries and telephone calls.
- 2.12. Opt-out Requests. Members shall permit and honor a consumer's request to opt out of receiving future marketing pieces and/or telephone solicitations.
- 2.13. Duplicative Coverage. Members shall not knowingly sell a consumer duplicative coverage of a warranty or service contract that the consumer already possesses.

- 2.14. Compliance Officer. Members shall appoint a representative of the company to serve at its compliance officer. The compliance officer's duties shall include ensuring that the Member is complying with all state and federal laws and regulations, as well as the guidelines set forth in the Standards of Conduct.
- 2.15. Additive Products. Members shall not sell or offer to sell "product warranties" (i.e. additive products that purportedly warrant the parts of a motor vehicle that come in contact with an additive product that is poured into the vehicle).
- 2.16. Criminal Background Checks. Members shall conduct criminal background checks on all newly hired employees.
- 2.17. Audits. Members shall provide the Association and/or its auditor(s) with reasonable access to its facilities, policies, procedures and Marketing Methods for purposes of assessing the Member's compliance with these Standards in connection with certification, certification renewal and/or Association investigations.
 - 2.17.1. *Call Monitoring*. Live call monitoring shall be made available to the Association and/or its auditor(s) for purposes of such audits.
 - 2.17.2. *Mailers*. Upon request, Members shall provide the Association and/or its auditor(s) with copies of all mail pieces, general media advertisements and/or lead generation materials, including URL addresses, they have used within the previous two (2) years.
 - 2.17.2.1. Members shall also provide the Association and/or its auditors with access to the physical premises from which its mailers are shipped, regardless of whether such premises are located at the Member's place of business or at an off-site location.
 - 2.17.3. *Member Initiated Audits*. Administrators, Fulfillment Companies, Marketers and Payment Processors may, at their own expense, have an independent third party firm audit each Member with which they conduct business.

3. Advertising

- 3.1. Substantiation. Members shall be prepared to substantiate any claims or offers made. Advertisements or specific claims that are untrue, misleading, deceptive, or fraudulent should not be used.
- 3.2. Compliance with State and Federal Laws. Members shall ensure that each advertising piece complies with all applicable consumer protection laws. As a safe harbor, Members should have these materials reviewed by an attorney experienced in these laws or by the Member's compliance officer.
- 3.3. Use of the Term "Free". When using the term "free" or "complimentary" or other similar terms, Members shall ensure proper disclosures are made in proximity to the term, if some form of action is required of the consumer to receive the offer.

- 3.4. Materials Terms of Offer. If a Member makes a specific offer in a marketing piece, it must contain clear and consistent statements or representations of all the material points of the offer.
 - 3.4.1. The offer shall not be contradicted by individual statements, representations or disclaimers.
 - 3.4.2. Representations which, by their size, placement, duration, or other characteristics are unlikely to be noticed or are difficult to understand should not be used if they are material to the offer.
- 3.5. Informational Marketing Pieces. If a Member's marketing piece contains informational material, such as the fact that a recall exists for the consumer's auto, the Member must clearly and conspicuously disclose that if the consumer calls the Member for information, the Member will be offering for sale a vehicle service contract
- 3.6. Mailing Lists and Lead Generation Materials. Members shall conduct sufficient due diligence to have reasonable certainty that mailing lists they purchase contain legally obtained consumer information and that all leads are generated in a lawful manner.
 - 3.6.1. *DMV Data.* Members shall comply with federal laws that require consumers to opt in before their motor vehicle public information may be sold or shared.
 - 3.6.2. *Reasonable Due Diligence.* Reasonable due diligence includes contractually requiring consumer data to be obtained in a lawful manner and obtaining executed affidavits or other documentation from list providers and/or lead generators indicating that the consumer data being provided was obtained in a lawful manner.
 - 3.6.3. *Noncompliant Leads.* Members who receive noncompliant leads shall refrain from using such leads and shall report the company providing the leads to the VPA.
- 3.7. False and Misleading Advertising Prohibited. Members shall not knowingly make false statements to consumers, e.g. "...buy now; your vehicle will be inspected if you re-apply..."
 - 3.7.1. All marketing shall contain clear and consistent statements so as not to be misleading or purposefully confusing.
- 3.8. Financing Terms Prohibited. Since service contracts are not financed, Members shall not represent that the contracts are financed and shall make no reference to interest rates or charges.
 - 3.8.1. *No Fee Payment Plan.* For contracts sold that are not paid in full at the time of purchase, Members shall describe the payment as a "no fee payment plan" or another similar non-financing term.

- 3.9. Vehicle Identification Numbers. Unless an existing business relationship (EBR) exists, Members shall not use full vehicle identification numbers (VINs) in their promotional materials. If a VIN is used in promotional materials without an EBR, it shall be limited to the first 12 digits.
- 3.10. Knowledge of Noncompliant Marketing Materials. Members with specific knowledge regarding other Members and/or Non-VPA Members that are using marketing materials that do not comply with these Standards and/or federal or state laws shall report such noncompliance to the VPA.

4. Offers

4.1. General Requirements.

- 4.1.1. All offers shall be disclosed to a prospective customer in a clear, honest, and complete manner.
- 4.1.2. The service contracts that Members sell shall be consistent with the product that they represent to the consumer.

4.2. Disclosure of Material Terms and Conditions. Members shall clearly and conspicuously disclose the material terms and conditions of the offer before obtaining the consumer's consent, including:

4.2.1. *The Sellers' Identities and Contact Information.* The identity of the Marketer and Administrator and contact information for service or cancellation for both.

4.2.2. *A Description of the Goods or Services Being Offered.* The description of the goods or services being offered shall include the following information:

- The type of coverage;
- The number of miles and/or years that the contract covers;
- The deductible, if any;
- If a waiting period exists before the consumer can make a claim under the contract and how that period is determined;
- Whether the contract is transferable to a subsequent purchaser;
- Whether the contract is refundable and if so, the time frame within which the consumer cancel for a full refund;
- Whether the consumer must perform mandatory maintenance;
- Any dollar limitation on the total amount of claims; and
- Whether repairs must be pre-approved by the claims administrator.

4.2.3. *Payment and Billing Information.* Payment and billing information disclosed to consumers shall include the following information:

- The price or the range of prices of products or services purchased by the consumer, including whether there are any additional charges including a deposit;
- Whether the consumer will be billed or automatically charged;
- When and how frequently the consumer will be billed or charged; and
- The entity that will process the consumer's payments.

4.2.4. *Cancellation and Refund Information.* Cancellation and billing information disclosed to consumers shall include the following:

- The fact that the consumer must take affirmative action to cancel in order to avoid future billing or charges;
- The specific and easy steps that consumers should follow to cancel the plan and avoid the charges;
- The time period, if any, within which the consumer must cancel; and
- The fact that a cancellation fee will or may apply if the consumer cancels after the mandatory 30 day full refund period.

4.3. Consumer's Affirmative Consent Required. In order to obtain the consumer's consent, Members must receive an affirmative response that the consumer accepts the material terms and conditions of the offer as described above. It is appropriate to group these disclosures together and obtain affirmative consent in that manner.

5. Outbound Telemarketing

5.1. Federal and State Do Not Call Laws. Members shall follow all state and federal Do Not Call (DNC) laws and regulations.

5.1.1. *Federal DNC Regulations.* Members shall not conduct any outbound telemarketing unless they have obtained a Subscription Account Number (SAN) by registering with the Federal Trade Commission and scrub all outbound telemarketing calls against the National DNC Registry or they are exempt from these requirements.

5.1.1.1. Under federal regulations, Members that only make outbound telemarketing calls to consumers who have provided express written consent to be contacted and/or consumers with whom they have established business relationships are exempt from the requirements to purchase a SAN and scrub against the National DNC Registry.

- 5.1.1.2. If a Member believes that it is exempt from a law, the burden is on the Member to prove that the exemption applies to their company.
- 5.1.2. *State DNC Laws.* Members shall not conduct any outbound telemarketing unless they have policies and procedures in place to comply with state DNC laws and regulations, which may require telemarketers to scrub non-exempt outbound telemarketing calls against the National DNC Registry or against a DNC list maintained by the state.
- 5.1.2.1. Members recognize that several states have DNC laws that are more restrictive (i.e. fewer exemptions apply) than provided under federal regulations and shall comply with all such state laws.
- 5.1.2.2. Members recognize that state DNC laws that are more restrictive than federal regulations apply even where the list used by the state is the National DNC Registry. As such, a Member may be exempt from scrubbing against the National DNC Registry under federal regulations but required to scrub against the Registry pursuant to state law.
- 5.1.2.3. If a Member believes that it is exempt from a law, the burden is on the Member to prove that the exemption applies to their company.
- 5.1.3. *Internal DNC List.* Members shall maintain a company-specific internal DNC list and scrub all outbound telemarketing calls against this list.
- 5.1.3.1. Internal DNC requests apply to the telephone number provided during the request, not the specific person making the request.
- 5.1.3.2. Members shall ensure that all internal DNC requests are honored, regardless of whether outbound telemarketing calls are placed by the Member or a Third Party Telemarketing Vendor.
- 5.2. Disclosures. When telemarketing, Members shall immediately disclose the following information:
- The identity of the seller providing the goods or services for sale;
 - That the purpose of the call is to sell goods or services; and
 - The nature of the goods or services being offered.
- 5.3. Caller ID. Members shall always display an accurate caller ID number when calling consumers. Members shall not “spoof” their caller ID with a number or name that does not belong to them.
- 5.4. Calling Time and/or Day Restrictions. Members that make outbound telemarketing calls shall comply with all federal and state restrictions limiting the times and/or days on which such calls may be made.

- 5.4.1. *Calling Time Restrictions.* Members shall not make outbound telemarketing calls to consumers before 8:00 AM or after 9:00 PM local time at the called party's location or in violation of state laws or regulations that impose more restrictive calling time limitations.
- 5.4.2. *Calling Day Restrictions.* Members shall comply with all state laws and/or regulations that prohibit outbound telemarketing calls on Sundays, official state holidays and/or during a state of emergency.
- 5.5. Automatic Telephone Dialing Systems. Members using an automatic telephone dialing system ("ATDS") to place outbound calls shall do so in accordance with all applicable federal and state laws and regulations.
 - 5.5.1. *Cellular Telephones.* Members shall not use an ATDS to place calls to cellular telephones or any other number for which the called party is charged without obtaining the consumer's prior express consent to be contacted at that number.
 - 5.5.1.1. Members shall scrub their calling lists against a wireless number list unless the calling list only includes wireless numbers where the consumer has given their express consent to receive sales calls
 - 5.5.2. *Other Prohibited Numbers.* Members shall not use an ATDS to place outbound calls to any emergency telephone number or to a telephone number assigned to any guest or patient room at a hospital or healthcare facility.
 - 5.5.3. *Calls to Multi-line Businesses.* An ATDS shall not be used in such a way as to engage two or more telephone lines of a multi-line business simultaneously.
 - 5.5.4. *Abandoned Calls.* Members shall comply with federal and state laws and regulations that prohibit outbound calls from being abandoned.
 - 5.5.4.1. For purposes of these Standards, a call is abandoned if a person answers it and the telemarketer does not connect the call to a sales representative within two (2) seconds of the person's completed greeting.
 - 5.5.4.2. Members shall not abandon more than three percent (3%) of outbound telephone calls answered by a person, measured over each successive thirty (30) day period.
 - 5.5.4.3. If a sales representative is not available to speak with the person answering the call within two (2) seconds, that person must receive a prerecorded identification message that states *only* the name and telephone number of the business, entity or individual on whose behalf the call was placed and that the call was for "telemarketing purposes." The telephone number provided must permit any individual to make a DNC request during regular business hours for the duration of the telemarketing campaign.

- 5.5.4.4. Unanswered telemarketing calls may not be disconnected prior to at least fifteen (15) seconds or four (4) rings.
- 5.5.5. Members shall not dial a telephone number for the purpose of determining whether the line is a facsimile or voice line or has an answering machine
- 5.5.6. *Affidavits*. Members using an ATDS shall sign an affidavit stating that the VPA's Outbound Telemarketing Standards will be followed.
- 5.6. Prerecorded Messages. Members shall not use prerecorded sales messages at any point during the sales process.
 - 5.6.1. Pursuant to Standard 5.5.4.3, Members shall leave an informational prerecorded message when outbound telemarketing calls are abandoned. The content of this message shall be limited to the information listed in Standard 5.5.4.3.
- 5.7. Association DNC List. When the VPA establishes its Association-wide DNC list, all Members shall scrub their outbound call lists against this list according to the procedures established by the VPA Board. Members who receive DNC requests shall provide those numbers to the VPA for inclusion in the Association-wide DNC list according to the procedures established by the Board
- 5.8. Third Party Telemarketing Vendors. If a Member uses a Third Party Telemarketing Vendor, even if the Vendor is not located in the United States, the Member shall require the Vendor to follow these Standards and all applicable laws and regulations of the Federal Trade Commission, the Federal Communications Commission, the Federal Reserve Board, the United States Postal Service and all other applicable federal, state, and local regulations and laws.
 - 5.8.1. *Do Not Call Laws*. Members shall ensure Third Party Telemarketing Vendors comply with all federal and state DNC laws and regulations, including the requirements to scrub all non-exempt calls against applicable DNC lists and against the Member's internal DNC list.
 - 5.8.2. *Transfer Calls*. Before a Member accepts a transfer call from anyone, the Member must conduct reasonable due diligence to ensure that the transfers were obtained legally. A Member shall not accept a transfer-call if it is known, or reasonably could have been determined, that the transferred call originated with an illegal prerecorded message
 - 5.8.3. *Identification of Third Party Telemarketing Vendors*. Members shall provide the Association with the identity of all Third Party Telemarketing Vendors making outbound telemarketing calls on their behalf and proof that the Member has obtained a SAN from the Federal Trade Commission or is exempt from such requirement.

- 5.8.4. *Certification of Third Party Telemarketing Vendors.* Members shall not use Third Party Telemarketing Vendors to make outbound telephone calls on its behalf unless the Vendor is certified by the VPA or an independent third-party organization approved by the VPA, such as the American Teleservices Association. The application for such certification must be done immediately and an aggressive timeframe for certification must be set and scheduled.
- 5.8.5. *Affidavits.* Members using Third Party Telemarketing Vendors shall sign an affidavit stating that the VPA's Outbound Telemarketing Standards will be followed.
- 5.9. Negative Option Requirements. Many other telemarketing laws apply if a Member offer contains a negative option or a free to pay conversion. If a Member is using these offers, the Member shall ensure that it is complying with all applicable laws.

6. Refund Policies and Procedures

- 6.1. Disclosure of Refund Policy. Refund policies, including whether any administrative or cancellation fees will/may apply, shall be clearly and conspicuously disclosed to consumers prior to the sale of any product of service.
- 6.2. Minimum Full Refund Period. Members shall honor all consumer refund requests made within thirty days of the date they sold the contract in full.
 - 6.2.1. *Down Payment Refunds.* If the consumer has only paid the initial deposit, Members shall provide the refund within five (5) business days, if made by credit card; and within thirty (30) days if made by check or ACH.
 - 6.2.2. *Other Refunds.* If the consumer has also made subsequent payments, the Member shall provide the refund within thirty (30) days from the date they receive the completed notice of cancellation with odometer information.
- 6.3. State Cancellation Laws. Members must be aware of and comply with all applicable state laws governing refunds and/or applicable three (3) day right to cancel laws.
- 6.4. Written Cancellation Fee Calculation. Upon request, Members shall provide a written cancellation fee calculation and state the information upon which they base the calculation.
- 6.5. Cash Reserves. Members shall maintain adequate cash reserves to issue timely refunds to all consumers that are entitled to a refund pursuant to the Member's cancellation policy and/or applicable state and federal laws.

7. Security of Customer Information

- 7.1. **General Requirement.** Members shall adequately protect all nonpublic consumer/customer personal information regardless of whether it is handled or maintained in paper or electronic format.
- 7.2. **Written Information Security Program.** In order to adequately protect this information, Members shall maintain a written information security program (“ISP”). The ISP shall contain administrative, technical and physical safeguards that are appropriate to the size, complexity, nature and scope of the business and the sensitivity of the information and meet the requirements outlined below.
 - 7.2.1. *Plan Coordinator.* Members’ ISPs shall designate one or more employees to coordinate, monitor and revise the program.
 - 7.2.2. *Identification of Risks.* Members’ ISPs shall identify reasonably foreseeable internal and external risks to the security, confidentiality and integrity of the customer information.
 - 7.2.3. *Employee Training.* Members’ ISPs shall provide for recurring employee training to ensure the ISP is fully implemented and consumers’ personal information is protected.
 - 7.2.4. *Required Systems.* Members’ ISPs shall identify the information systems necessary to detect, prevent and respond to attacks, intrusions and other system failures.
 - 7.2.5. *Testing and Monitoring.* Members’ ISPs shall set forth regular testing or monitoring procedures that will be used to evaluate the effectiveness of the program.
 - 7.2.6. *Evaluation of Program.* Members’ ISPs shall provide for the evaluation and adjustment of the program as results of the testing and monitoring dictate or other changes such as a business model change, facility change, etc.
 - 7.2.7. *Disposal of Information.* Members’ ISPs shall ensure that personal information is adequately and securely disposed of at the end of its useful life.
 - 7.2.8. *Social Security Numbers.* Members shall use Social Security Numbers only when necessary and in compliance with all state restrictions on display and use of social security numbers.
- 7.3. **Service Providers.** Members shall oversee service providers by taking reasonable steps to select and retain service providers that are capable of maintaining the security standards set forth herein.

- 7.3.1. Members shall require service providers by contract to implement and maintain the security standards set forth herein.

8. Privacy Policy and Data Collection Practices

- 8.1. Online Privacy Policy. If a Member has a website, the Member shall have a privacy policy and shall clearly and conspicuously post a copy of the policy online.
 - 8.1.1. *Placement*. Members shall include a clear and conspicuous hyperlink to its privacy policy on all offer pages and all landing pages where the consumer's personal information is requested.
 - 8.1.2. *Notice Disclosures*. All notice disclosures should appear in or be linked to every consumer data collection site/application and the Member's website
- 8.2. Content of Privacy Policy. Members' privacy policies shall disclose and outline the company's practice of data collection, usage, and sharing ("Data Practices"). Data Practices should be easy to find, easy to read and easy for consumers to act upon.
- 8.3. Sale of Personal Information. Members shall not sell consumers' personal information to other companies for marketing purposes without the consumer's knowledge or choice.
- 8.4. Notification of Privacy Policy Changes. Members shall provide consumers with reasonable and adequate notice of any privacy policy change.
 - 8.4.1. *Online Notification*. Members shall have a notice on their home page that their privacy policy has been updated and should highlight the updates and list the dates the revisions were made at the top of their privacy policy.
 - 8.4.2. *E-mail Notification*. Members should also strongly consider email notification to all consumers covered by the original privacy policy.
- 8.5. Controls. Members shall have both technical and management controls in place to comply with their respective privacy policy.
- 8.6. Data Collection. Members shall ensure that personal data is gathered in compliance with applicable federal and state laws and regulations, as well as the best practices outlined in these Standards.
 - 8.6.1. *DMV Data*. Members shall not use consumers' personal information obtained from a state department of motor vehicles for any unauthorized use in violation of 18 U.S.C. 2721 *et seq.* or any similar state laws.
 - 8.6.2. *Consumer Reports*. Members shall not use information obtained from a consumer credit report unless it is used for a "permissible purpose" as defined under the Fair Credit Reporting Act, 15 U.S.C. § 1681 *et seq.*

8.6.3. *Hidden Consumer Input Fields.* On a Member's website, Members shall not hide consumer input fields without consumer disclosure.

8.6.3.1. *Definition.* Hiding fields means the collection of personally identifiable information ("PII") and the transmission of that data to an advertiser without notifying the consumer that the data has been collected or that the data will be shared.

8.6.3.2. *Data Pass.* PII that is entered on a website prior to the consumer's interaction may be pre-populated, using cookies or otherwise, in an offer form, but shall not be passed without providing the opportunity for the consumer to review that information.

8.6.3.3. *Example.* If a consumer's email address is known from the registration page, it may be pre-populated on the offer data form in the appropriate field. This allows the consumer to easily review and edit his/her data, if necessary, and make an informed decision on whether he/she wants to share that data with the advertiser. This information shall not be shared with an outside entity without the consumer's knowledge.

8.6.3.4. *Required Disclosure.* If a Member chooses not to show one or more fields, it shall either:

- Include a clear and conspicuous notice prominently on the offer page or via a prominently displayed link indicating which fields will be collected and shared with another; or
- Include text next to each offer on the page that specifically lists each field that will be collected and shared with the advertiser(s).

8.7. Evaluation of Policy and Procedures. Members shall conduct a regular, periodic evaluation of their privacy policy and data protection procedures to ensure compliance.

9. Consumer Complaint Process

9.1. Written Policy and Procedures. Members shall have a written consumer complaint process in place to address complaints received from consumers or regulatory agencies.

9.2. Handling of Complaints. Members shall address all complaints received in a prompt, courteous and professional manner and shall make a good faith effort to resolve every complaint.

9.2.1. *Third-Party Complaints.* Members that receive complaints involving a third party (e.g. a Marketer receives a complaint regarding a claim denied by an Administrator) shall share that information with all parties involved with the complaint.

- 9.2.2. *Better Business Bureau and Regulator Complaints.* Members who receive a complaint from a third party such as the Better Business Bureau or state attorney general shall respond to the complaint within the timeframe that the third party requests.
- 9.3. Identification of Patterns. Members' complaint processes shall be such that patterns of problems or severe problems are identified and addressed.
 - 9.3.1. Senior management shall be kept apprised of all such problems identified by consumer complaints.
 - 9.3.2. Members shall create procedures that require the Member to investigate the cause of the problem and to correct the issues identified within a reasonable time period.

APPENDIX A:

VOICE CONFIRMATION DISCLOSURE

Congratulations on the purchase of your *Admin, Inc.* protection plan for your vehicle from *XYZ Seller!* You have selected *X Plan Brand* for _____ months or _____ miles, whichever occurs first. During this period you will be provided *Y Coverage Type plan* on your vehicle. Your protection plan has a waiting period, so coverage will commence after the passing of _____ days **and** _____ miles from your current odometer statement. (This should be consistent with the vehicle service contract sold). All claims must be pre-approved by *Admin, Inc.*

You will receive a full contract containing all terms and conditions in the mail shortly. Please contact us at (800) 123-4567 if you do not receive your package. Upon receipt of your contract, please be sure to review the coverage, terms, mandatory maintenance requirements, conditions and exclusions to confirm it meets your needs. You have _____ days from today, (*June 1st*), to review your coverage and are entitled to a full refund during this period. (This should be consistent with the vehicle service contract sold). After 30 days, you are entitled to a pro-rata refund, subject to claims paid and any cancellation fees outlined in the contract. Your contract is always transferable and the limits of liability for your contract is _____.

The contact information we have on file is *Mr. John Q. Customer* located at *123 Main Street, City, State 12345*. Your email address is *John.Smith@email.com*. You have elected a down payment of \$200 and 12 installment payments of \$150.00 which will be processed by our partner *Payment Processor, Inc.*

Your monthly payment will be charged to your *Visa* credit card account number ending in *1234* on or around the *5th day of each month* starting *July 5, 2009*. At this time, we will need your voice verification of these terms and conditions and to authorize the charges to your account. Do you authorize a charge today of \$200? Do you authorize 12 monthly charges of \$150 beginning on July 5 and each month thereafter until your balance is paid in full? (Need to receive a verbal YES).

X Plan Brand = Administrator's Brand Name

Y Coverage Type Options: Exclusionary, Named Component, Powertrain

Appendix B:

VPA Guidelines for using the term “Warranty” in Internet Marketing

A. Background and Scope:

The Vehicle Protection Association (“VPA”) acknowledges that consumers often refer to vehicle service contracts as “warranties,” “extended warranties” and/or similar terms and, therefore, use such terms when searching for coverage on the internet. The VPA also acknowledges that use of these terms on a website likely increases the website’s search engine ranking, thereby increasing its exposure (i.e. the number of consumers that visit the site). The VPA further acknowledges that use of these terms in search engine marketing (i.e. pay per click advertisements) increases a website’s exposure and that the amount of text available for such advertisements is limited.

With these considerations in mind, the VPA developed the following Guidelines to provide clarity regarding the permissible and impermissible uses of the terms “warranty,” “extended warranty” and/or similar terms, including misspellings thereof, on members’ websites. The Guidelines were developed to facilitate members’ interests in reaching the largest number of consumers possible while ensuring members communicate with consumers honestly and in a manner that promotes consumer education.

It is the totality of the sales presentation that determines whether the presentation is deceptive. Thus, a member may comply with all of these guidelines per se, but the presentation may still be deceptive.

For purposes of these Guidelines, the singular terms “warranty” and “extended warranty” are used interchangeably with their plural forms “warranties” and “extended warranties.”

B. Guidelines:

- Members may keep URLs they have previously used that contain the word “warranty” so long as the content of the website (including the name used) meets the guidelines below. Newly created websites may not use the word “warranty” in its URL.
- Members shall not conduct business using a name known to the consumer that contains the word “warranty.”
- Members may use the term “warranty” to refer to the manufacturer’s warranty.
- Members shall not directly refer to the vehicle service contracts they sell as “warranties” or “extended warranties.”

- Members may use a term such as “vehicle service contract” coupled with a parenthetical explanation containing the term “warranty” such as “(f/k/a an extended warranty)” or “(commonly referred to as an extended warranty)” to describe what the member is offering so long as the disclosure requirements outlined in Section C (below) are met. In the context of press releases, articles and/or blogs on a member’s website, the required disclosure may be provided clearly and conspicuously in one location rather than on each individual press release, article or blog entry.
- Members shall use the required disclosures outlined in Section C (below) if they post customer testimonials on their website wherein customers refer to their vehicle service contracts as a “warranty” or “extended warranty.”
- Members may use terms such as “warranty” and/or “extended warranty” to educate consumers on the difference between a warranty and vehicle service contract (e.g. see the disclosure in Section C below).
- Members shall not indirectly refer to themselves or any company they conduct business with as a “warranty company” or any similar term that containing the term “warranty.”
- Members shall not indirectly refer to their employees or the employees of any company they conduct business with as “warranty specialists,” “warranty consultants” or any similar term that contains the term “warranty.”
- Members may use previously recorded audio/visual endorsements from public figures that use the word “warranty” so long as the disclosure requirements outlined in Section C (below) are met. Newly created audio/visual endorsements shall not use the word “warranty” to describe what the member sells.
- Members may use the terms “warranty” or “extended warranty” for purposes of search engine marketing (i.e. pay-per-click advertisements), so long as the content of their website(s) complies with these Guidelines and the disclosure in Section C (below) is prominently displayed on the homepage of the Member’s website.

C. Required Disclosure- if a member uses the term “warranty” or “extended warranty” in any manner that requires a disclosure pursuant to Section B (above), the following disclosure shall be ***clearly and conspicuously*** placed on all landing pages where the term is used:

A vehicle service contract (VSC) is often referred to as an “extended warranty,” but it is not a warranty. A VSC does, however, provide repair coverage for your vehicle after the manufacturer’s warranty expires. A VSC is a contract between you and a VSC provider or administrator that states what is a covered repair and what is not. [Company name] is a marketer of VSCs and does not sell warranties. VSCs sold by [Company name] are agreements between consumers and third party VSC providers, not [Company name].

For purposes of these guidelines, “clearly and conspicuously placed” means:

- In close proximity to the term that triggers the required disclosure (e.g. “warranty”). Making disclosures at the bottom of the page with or without the use of a footnote is not sufficient. If a landing page contains multiple terms that trigger the required disclosure, the disclosure shall be made in close proximity to the first location where such a term is used.
- Using bold font that is at least as large as the term that triggers the required disclosure.
- Using a font color that stands out from the background on which the disclosure appears.
- Not otherwise obscured by the background, surrounding text, graphics, illustrations, etc.