
SENATE BILL 6624

State of Washington

61st Legislature

2010 Regular Session

By Senators Berkey and Parlette

Read first time 01/19/10. Referred to Committee on Financial Institutions, Housing & Insurance.

1 AN ACT Relating to defining normal wear and tear for a motor
2 vehicle for the purpose of a service contract; and reenacting and
3 amending RCW 48.110.020.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 48.110.020 and 2006 c 274 s 3 and 2006 c 36 s 17 are
6 each reenacted and amended to read as follows:

7 The definitions in this section apply throughout this chapter.

8 (1) "Administrator" means the person who is responsible for the
9 administration of the service contracts, the service contracts plan, or
10 the protection product guarantees.

11 (2) "Commissioner" means the insurance commissioner of this state.

12 (3) "Consumer" means an individual who buys any tangible personal
13 property that is primarily for personal, family, or household use.

14 (4) "Incidental costs" means expenses specified in the guarantee
15 incurred by the protection product guarantee holder related to damages
16 to other property caused by the failure of the protection product to
17 perform as provided in the guarantee. "Incidental costs" may include,
18 without limitation, insurance policy deductibles, rental vehicle
19 charges, the difference between the actual value of the stolen vehicle

1 at the time of theft and the cost of a replacement vehicle, sales
2 taxes, registration fees, transaction fees, and mechanical inspection
3 fees. Incidental costs may be paid under the provisions of the
4 protection product guarantee in either a fixed amount specified in the
5 protection product guarantee or sales agreement, or by the use of a
6 formula itemizing specific incidental costs incurred by the protection
7 product guarantee holder to be paid.

8 (5) "Protection product" means any product offered or sold with a
9 guarantee to repair or replace another product or pay incidental costs
10 upon the failure of the product to perform pursuant to the terms of the
11 protection product guarantee.

12 (6) "Protection product guarantee" means a written agreement by a
13 protection product guarantee provider to repair or replace another
14 product or pay incidental costs upon the failure of the protection
15 product to perform pursuant to the terms of the protection product
16 guarantee.

17 (7) "Protection product guarantee provider" means a person who is
18 contractually obligated to the protection product guarantee holder
19 under the terms of the protection product guarantee. Protection
20 product guarantee provider does not include an authorized insurer
21 providing a reimbursement insurance policy.

22 (8) "Protection product guarantee holder" means a person who is the
23 purchaser or permitted transferee of a protection product guarantee.

24 (9) "Protection product seller" means the person who sells the
25 protection product to the consumer.

26 (10) "Maintenance agreement" means a contract of limited duration
27 that provides for scheduled maintenance only.

28 (11) "Motor vehicle" means any vehicle subject to registration
29 under chapter 46.16 RCW.

30 (12) "Person" means an individual, partnership, corporation,
31 incorporated or unincorporated association, joint stock company,
32 reciprocal insurer, syndicate, or any similar entity or combination of
33 entities acting in concert.

34 (13) "Premium" means the consideration paid to an insurer for a
35 reimbursement insurance policy.

36 (14) "Provider fee" means the consideration paid by a consumer for
37 a service contract.

1 (15) "Reimbursement insurance policy" means a policy of insurance
2 that is issued to a service contract provider or a protection product
3 guarantee provider to provide reimbursement to the service contract
4 provider or the protection product guarantee provider or to pay on
5 behalf of the service contract provider or the protection product
6 guarantee provider all contractual obligations incurred by the service
7 contract provider or the protection product guarantee provider under
8 the terms of the insured service contracts or protection product
9 guarantees issued or sold by the service contract provider or the
10 protection product guarantee provider.

11 (16)(a) "Service contract" means a contract or agreement for
12 consideration over and above the lease or purchase price of the
13 property for a specific duration to perform the repair, replacement, or
14 maintenance of property or the indemnification for repair, replacement,
15 or maintenance for operational or structural failure due to a defect in
16 materials or workmanship, or normal wear and tear. Service contracts
17 may provide for the repair, replacement, or maintenance of property for
18 damage resulting from power surges and accidental damage from handling,
19 with or without additional provision for incidental payment of
20 indemnity under limited circumstances, including towing, rental,
21 emergency road services, or other expenses relating to the failure of
22 the product or of a component part thereof.

23 (b) "Service contract" also includes one or more of the following:

24 (i) A contract or agreement for the removal of dents, dings, or
25 creases that can be repaired using the process of paintless dent
26 removal without affecting the existing paint finish and without
27 replacing vehicle body panels, sanding, bonding, or painting;

28 (ii) A contract or agreement for the repair or replacement of tires
29 or wheels damaged as a result of coming into contact with ordinary road
30 hazards including but not limited to potholes, rocks, wood debris,
31 metal parts, glass, plastic, or composite scraps;

32 (iii) A contract or agreement to repair small windshield chips or
33 cracks but which expressly excludes the replacement of the entire
34 windshield; and

35 (iv) A contract or agreement to repair damage to the interior
36 components of a motor vehicle caused by wear and tear but which
37 expressly excludes the replacement of any part or component of a motor
38 vehicle's interior.

1 (c) A contract or agreement meeting the definition set forth in
2 (b)(ii) of this subsection in which the party obligated to perform is
3 either a tire or wheel manufacturer or a motor vehicle manufacturer is
4 exempt from the requirements of this chapter.

5 (17) "Service contract holder" or "contract holder" means a person
6 who is the purchaser or holder of a service contract.

7 (18) "Service contract provider" means a person who is
8 contractually obligated to the service contract holder under the terms
9 of the service contract.

10 (19) "Service contract seller" means the person who sells the
11 service contract to the consumer.

12 (20) "Warranty" means a warranty made solely by the manufacturer,
13 importer, or seller of property or services without consideration; that
14 is not negotiated or separated from the sale of the product and is
15 incidental to the sale of the product; and that guarantees indemnity
16 for defective parts, mechanical or electrical breakdown, labor, or
17 other remedial measures, such as repair or replacement of the property
18 or repetition of services.

19 (21) "Home heating fuel service contract" means a contract or
20 agreement for a separately stated consideration for a specific duration
21 to perform the repair, replacement, or maintenance of a home heating
22 fuel supply system including the fuel tank and all visible pipes, caps,
23 lines, and associated parts or the indemnification for repair,
24 replacement, or maintenance for operational or structural failure due
25 to a defect in materials or workmanship, or normal wear and tear.

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