

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 2553**

Chapter 274, Laws of 2006

59th Legislature  
2006 Regular Session

SERVICE CONTRACTS

EFFECTIVE DATE: 10/1/06

Passed by the House March 6, 2006  
Yeas 98 Nays 0

FRANK CHOPP

\_\_\_\_\_  
**Speaker of the House of Representatives**

Passed by the Senate March 3, 2006  
Yeas 48 Nays 0

BRAD OWEN

\_\_\_\_\_  
**President of the Senate**

Approved March 28, 2006.

CHRISTINE GREGOIRE

\_\_\_\_\_  
**Governor of the State of Washington**

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2553** as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER

\_\_\_\_\_  
**Chief Clerk**

FILED

March 28, 2006 - 2:44 p.m.

**Secretary of State  
State of Washington**

---

**SUBSTITUTE HOUSE BILL 2553**

---

AS AMENDED BY THE SENATE

Passed Legislature - 2006 Regular Session

**State of Washington                      59th Legislature                      2006 Regular Session**

**By** House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Kirby and Morrell; by request of Insurance Commissioner)

READ FIRST TIME 2/3/06.

1            AN ACT Relating to regulating service contracts and guarantee  
2 protection products; amending RCW 48.110.010, 48.110.015, 48.110.020,  
3 48.110.030, 48.110.040, 48.110.050, 48.110.060, 48.110.070, 48.110.080,  
4 48.110.090, 48.110.100, 48.110.110, 48.110.120, 48.110.130, 48.110.140,  
5 and 48.110.900; adding new sections to chapter 48.110 RCW; creating a  
6 new section; repealing RCW 48.96.005, 48.96.010, 48.96.020, 48.96.025,  
7 48.96.030, 48.96.040, 48.96.045, 48.96.047, 48.96.050, 48.96.060,  
8 48.96.900, and 48.96.901; prescribing penalties; and providing an  
9 effective date.

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

11            **Sec. 1.** RCW 48.110.010 and 1999 c 112 s 1 are each amended to read  
12 as follows:

13            The legislature finds that increasing numbers of businesses are  
14 selling service contracts for repair, replacement, and maintenance of  
15 motor vehicles, appliances, computers, electronic equipment, and other  
16 consumer products. There are risks that contract obligors will close  
17 or otherwise be unable to fulfill their contract obligations that could  
18 result in unnecessary and preventable losses to citizens of this state.  
19 The legislature declares that it is necessary to establish standards

1 that will safeguard the public from possible losses arising from the  
2 conduct or cessation of the business of service contract obligors or  
3 the mismanagement of funds paid for service contracts. The purpose of  
4 this chapter is to create a legal framework within which service  
5 contracts may be sold in this state and to set forth requirements for  
6 conducting a service contract business.

7 **Sec. 2.** RCW 48.110.015 and 2000 c 208 s 1 are each amended to read  
8 as follows:

- 9 (1) The following are exempt from this title:
- 10 (a) Warranties;
  - 11 (b) Maintenance agreements; and
  - 12 (c) Service contracts:
    - 13 (i) Paid for with separate and additional consideration;
    - 14 (ii) Issued at the point of sale, or within sixty days of the
    - 15 original purchase date of the property; and
    - 16 (iii) On tangible property when the tangible property for which the
    - 17 service contract is sold has a purchase price of fifty dollars or less,
    - 18 exclusive of sales tax.
- 19 (2) This chapter does not apply to:
- 20 (a) (~~Vehicle service contracts which are governed under chapter~~  
21 ~~48.96 RCW;~~
  - 22 ~~(b)~~) Vehicle mechanical breakdown insurance; and
  - 23 ~~((e))~~ (b) Service contracts on tangible personal property  
24 purchased by persons who are not consumers.

25 **Sec. 3.** RCW 48.110.020 and 2000 c 208 s 2 are each amended to read  
26 as follows:

- 27 The definitions in this section apply throughout this chapter.
- 28 (1) "Administrator" means the person who is responsible for the
  - 29 administration of the service contracts ~~((e))~~, the service contracts  
30 plan, or the protection product guarantees.
  - 31 (2) "Commissioner" means the insurance commissioner of this state.
  - 32 (3) "Consumer" means an individual who buys any tangible personal
  - 33 property that is primarily for personal, family, or household use.
  - 34 (4) "Incidental costs" means expenses specified in the guarantee  
35 incurred by the protection product guarantee holder related to damages  
36 to other property caused by the failure of the protection product to

1 perform as provided in the guarantee. "Incidental costs" may include,  
2 without limitation, insurance policy deductibles, rental vehicle  
3 charges, the difference between the actual value of the stolen vehicle  
4 at the time of theft and the cost of a replacement vehicle, sales  
5 taxes, registration fees, transaction fees, and mechanical inspection  
6 fees. Incidental costs may be paid under the provisions of the  
7 protection product guarantee in either a fixed amount specified in the  
8 protection product guarantee or sales agreement, or by the use of a  
9 formula itemizing specific incidental costs incurred by the protection  
10 product guarantee holder to be paid.

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

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

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

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

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

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

31 ~~((+5))~~ (11) "Motor vehicle" means any vehicle subject to  
32 registration under chapter 46.16 RCW.

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

37 ~~((+6))~~ (13) "Premium" means the consideration paid to an insurer  
38 for a reimbursement insurance policy.

1 ((+7)) (14) "Provider fee" means the consideration paid by a  
2 consumer for a service contract.

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

13 ((+9)) (16) "Service contract" means a contract or agreement for  
14 ~~((a separately stated))~~ consideration over and above the lease or  
15 purchase price of the property for a specific duration to perform the  
16 repair, replacement, or maintenance of property or the indemnification  
17 for repair, replacement, or maintenance for operational or structural  
18 failure due to a defect in materials or workmanship, or normal wear and  
19 tear. Service contracts may provide for the repair, replacement, or  
20 maintenance of property for damage resulting from power surges and  
21 accidental damage from handling, with or without additional provision  
22 for ~~((indemnity payments for incidental damages to other property~~  
23 ~~directly caused by the failure of the property which is the subject of~~  
24 ~~the service contract, provided the indemnity payment per incident does~~  
25 ~~not exceed the purchase price of the property that is the subject of~~  
26 ~~the service contract))~~ incidental payment of indemnity under limited  
27 circumstances, including towing, rental, emergency road services, or  
28 other expenses relating to the failure of the product or of a component  
29 part thereof.

30 ((+10)) (17) "Service contract holder" or "contract holder" means  
31 a person who is the purchaser or holder of a service contract.

32 ((+11)) (18) "Service contract provider" means a person who is  
33 contractually obligated to the service contract holder under the terms  
34 of the service contract.

35 ((+12)) (19) "Service contract seller" means the person who sells  
36 the service contract to the consumer.

37 ((+13)) (20) "Warranty" means a warranty made solely by the  
38 manufacturer, importer, or seller of property or services without

1 consideration; that is not negotiated or separated from the sale of the  
2 product and is incidental to the sale of the product; and that  
3 guarantees indemnity for defective parts, mechanical or electrical  
4 breakdown, labor, or other remedial measures, such as repair or  
5 replacement of the property or repetition of services.

6 **Sec. 4.** RCW 48.110.030 and 2005 c 223 s 33 are each amended to  
7 read as follows:

8 (1) A person may not act as, or offer to act as, or hold himself or  
9 herself out to be a service contract provider in this state, nor may a  
10 service contract be sold to a consumer in this state, unless the  
11 service contract provider has a valid registration as a service  
12 contract provider issued by the commissioner.

13 (2) Applicants to be a service contract provider must make an  
14 application to the commissioner upon a form to be furnished by the  
15 commissioner. The application must include or be accompanied by the  
16 following information and documents:

17 (a) All basic organizational documents of the service contract  
18 provider, including any articles of incorporation, articles of  
19 association, partnership agreement, trade name certificate, trust  
20 agreement, shareholder agreement, bylaws, and other applicable  
21 documents, and all amendments to those documents;

22 (b) The identities of the service contract provider's executive  
23 officer or officers directly responsible for the service contract  
24 provider's service contract business, and, if more than fifty percent  
25 of the service contract provider's gross revenue is derived from the  
26 sale of service contracts, the identities of the service contract  
27 provider's directors and stockholders having beneficial ownership of  
28 ten percent or more of any class of securities;

29 (c) Audited annual financial statements or other financial reports  
30 acceptable to the commissioner for the two most recent years which  
31 prove that the applicant is solvent and any information the  
32 commissioner may require in order to review the current financial  
33 condition of the applicant. If the service contract provider is  
34 relying on RCW 48.110.050(2) (~~((a) or~~)) (c) to assure the faithful  
35 performance of its obligations to service contract holders, then the  
36 audited financial statements of the service contract provider's parent

1 company (~~may be substituted for the audited financial statements of~~  
2 ~~the service contract provider~~) must also be filed;

3 (d) An application fee of two hundred fifty dollars, which shall be  
4 deposited into the general fund; and

5 (e) Any other pertinent information required by the commissioner.

6 (3) The applicant shall appoint the commissioner as its attorney to  
7 receive service of legal process in any action, suit, or proceeding in  
8 any court. This appointment is irrevocable and shall bind the service  
9 contract provider or any successor in interest, shall remain in effect  
10 as long as there is in force in this state any contract or any  
11 obligation arising therefrom related to residents of this state, and  
12 shall be processed in accordance with RCW 48.05.210.

13 (4) The commissioner may refuse to issue a registration if the  
14 commissioner determines that the service contract provider, or any  
15 individual responsible for the conduct of the affairs of the service  
16 contract provider under subsection (2)(b) of this section, is not  
17 competent, trustworthy, financially responsible, or has had a license  
18 as a service contract provider or similar license denied or revoked for  
19 cause by any state.

20 (5) A registration issued under this section is valid, unless  
21 surrendered, suspended, or revoked by the commissioner, or not renewed  
22 for so long as the service contract provider continues in business in  
23 this state and remains in compliance with this chapter. A registration  
24 is subject to renewal annually on the first day of July upon  
25 application of the service contract provider and payment of a fee of  
26 two hundred dollars, which shall be deposited into the general fund.  
27 If not so renewed, the registration expires on the June 30th next  
28 preceding.

29 (6) A service contract provider shall keep current the information  
30 required to be disclosed in its registration under this section by  
31 reporting all material changes or additions within thirty days after  
32 the end of the month in which the change or addition occurs.

33 **Sec. 5.** RCW 48.110.040 and 2005 c 223 s 34 are each amended to  
34 read as follows:

35 (1) Every registered service contract provider (~~that is assuring~~  
36 ~~its faithful performance of its obligations to its service contract~~  
37 ~~holders by complying with RCW 48.110.050(2)(b)) must file an annual~~

1 report for the preceding calendar year with the commissioner on or  
2 before March 1st of each year, or within any extension of time the  
3 commissioner for good cause may grant. The report must be in the form  
4 and contain those matters as the commissioner prescribes and shall be  
5 verified by at least two officers of the service contract provider.

6 (2) At the time of filing the report, the service contract provider  
7 must pay a filing fee of twenty dollars which shall be deposited into  
8 the general fund.

9 (3) As part of any investigation by the commissioner, the  
10 commissioner may require a service contract provider to file monthly  
11 financial reports whenever, in the commissioner's discretion, there is  
12 a need to more closely monitor the financial activities of the service  
13 contract provider. Monthly financial statements must be filed in the  
14 commissioner's office no later than the twenty-fifth day of the month  
15 following the month for which the financial report is being filed.  
16 These monthly financial reports are the internal financial statements  
17 of the service contract provider. The monthly financial reports that  
18 are filed with the commissioner constitute information that might be  
19 damaging to the service contract provider if made available to its  
20 competitors, and therefore shall be kept confidential by the  
21 commissioner. This information may not be made public or be subject to  
22 subpoena, other than by the commissioner and then only for the purpose  
23 of enforcement actions taken by the commissioner.

24 **Sec. 6.** RCW 48.110.050 and 1999 c 112 s 6 are each amended to read  
25 as follows:

26 (1) Service contracts shall not be issued, sold, or offered for  
27 sale in this state or sold to consumers in this state unless the  
28 service contract provider has:

29 (a) Provided a receipt for, or other written evidence of, the  
30 purchase of the service contract to the contract holder; and

31 (b) Provided a copy of the service contract to the service contract  
32 holder within a reasonable period of time from the date of purchase.

33 (2) In order to either demonstrate its financial responsibility or  
34 assure the faithful performance of ((a)) the service contract  
35 provider's obligations to its service contract holders, every service  
36 contract provider shall (~~be responsible for complying~~) comply with  
37 the requirements of one of the following:



1 (a) Insure all service contracts under a reimbursement insurance  
2 policy issued by an insurer holding a certificate of authority from the  
3 commissioner or a risk retention group, as defined in 15 U.S.C. Sec.  
4 3901(a)(4), as long as that risk retention group is in full compliance  
5 with the federal liability risk retention act of 1986 (15 U.S.C. Sec.  
6 3901 et seq.), is in good standing in its domiciliary jurisdiction, and  
7 is properly registered with the commissioner under chapter 48.92 RCW.  
8 The insurance required by this subsection must meet the following  
9 requirements:

10 (i) The insurer or risk retention group must, at the time the  
11 policy is filed with the commissioner, and continuously thereafter,  
12 maintain surplus as to policyholders and paid-in capital of at least  
13 fifteen million dollars and annually file audited financial statements  
14 with the commissioner; and

15 (ii) The commissioner may authorize an insurer or risk retention  
16 group that has surplus as to policyholders and paid-in capital of less  
17 than fifteen million dollars, but at least equal to ten million  
18 dollars, to issue the insurance required by this subsection if the  
19 insurer or risk retention group demonstrates to the satisfaction of the  
20 commissioner that the company maintains a ratio of direct written  
21 premiums, wherever written, to surplus as to policyholders and paid-in  
22 capital of not more than three to one;

23 (b)(i) Maintain a funded reserve account for its obligations under  
24 its service contracts issued and outstanding in this state. The  
25 reserves shall not be less than forty percent of the gross  
26 consideration received, less claims paid, on the sale of the service  
27 contract for all in-force contracts. The reserve account shall be  
28 subject to examination and review by the commissioner; and

29 (ii) Place in trust with the commissioner a financial security  
30 deposit, having a value of not less than five percent of the gross  
31 consideration received, less claims paid, on the sale of the service  
32 contract for all service contracts issued and in force, but not less  
33 than twenty-five thousand dollars, consisting of one of the following:

34 (A) A surety bond issued by an insurer holding a certificate of  
35 authority from the commissioner;

36 (B) Securities of the type eligible for deposit by authorized  
37 insurers in this state;

38 (C) Cash;

1 (D) An evergreen letter of credit issued by a qualified financial  
2 institution; or

3 (E) Another form of security prescribed by rule by the  
4 commissioner; or

5 (c)(i) Maintain, or its parent company maintain, a net worth or  
6 stockholder's equity of at least one hundred million dollars; and

7 (ii) Upon request, provide the commissioner with a copy of the  
8 service contract provider's or the service contract provider's parent  
9 company's most recent form 10-K or form 20-F filed with the securities  
10 and exchange commission within the last calendar year, or if the  
11 company does not file with the securities and exchange commission, a  
12 copy of the service contract provider's or the service contract  
13 provider's parent company's audited financial statements, which shows  
14 a net worth of the service contract provider or its parent company of  
15 at least one hundred million dollars. If the service contract  
16 provider's parent company's form 10-K, form 20-F, or audited financial  
17 statements are filed with the commissioner to meet the service contract  
18 provider's financial stability requirement, then the parent company  
19 shall agree to guarantee the obligations of the service contract  
20 provider relating to service contracts sold by the service contract  
21 provider in this state. A copy of the guarantee shall be filed with  
22 the commissioner. The guarantee shall be irrevocable as long as there  
23 is in force in this state any contract or any obligation arising from  
24 service contracts guaranteed, unless the parent company has made  
25 arrangements approved by the commissioner to satisfy its obligations  
26 under the guarantee.

27 (3) Service contracts shall require the service contract provider  
28 to permit the service contract holder to return the service contract  
29 within twenty days of the date the service contract was mailed to the  
30 service contract holder or within ten days of delivery if the service  
31 contract is delivered to the service contract holder at the time of  
32 sale, or within a longer time period permitted under the service  
33 contract. Upon return of the service contract to the service contract  
34 provider within the applicable period, if no claim has been made under  
35 the service contract prior to the return to the service contract  
36 provider, the service contract is void and the service contract  
37 provider shall refund to the service contract holder, or credit the  
38 account of the service contract holder with the full purchase price of

1 the service contract. The right to void the service contract provided  
2 in this subsection is not transferable and shall apply only to the  
3 original service contract purchaser. A ten percent penalty per month  
4 shall be added to a refund of the purchase price that is not paid or  
5 credited within thirty days after return of the service contract to the  
6 service contract provider.

7 (4) (~~Except for service contract providers, persons marketing,~~  
8 ~~selling, or offering to sell service contracts for providers are exempt~~  
9 ~~from the registration requirements of RCW 48.110.030.~~

10 (5) ~~The marketing, sale, offering for sale, issuance, making,~~  
11 ~~proposing to make, and administration of service contracts by service~~  
12 ~~contract providers and related service contract sellers,~~  
13 ~~administrators, and other persons complying with this chapter are~~  
14 ~~exempt from the other provisions of this title, except chapter 48.04~~  
15 ~~RCW and as otherwise provided in this chapter.)~~ This section does not  
16 apply to service contracts on motor vehicles or to protection product  
17 guarantees.

18 **Sec. 7.** RCW 48.110.060 and 1999 c 112 s 7 are each amended to read  
19 as follows:

20 (1) Reimbursement insurance policies insuring service contracts or  
21 protection product guarantees issued, sold, or offered for sale in this  
22 state or issued or sold to consumers in this state shall state that the  
23 insurer that issued the reimbursement insurance policy shall reimburse  
24 or pay on behalf of the service contract provider or the protection  
25 product guarantee provider all sums the service contract provider or  
26 the protection product guarantee provider is legally obligated to pay,  
27 including but not limited to the refund of the full purchase price of  
28 the service contract to the service contract holder or shall provide  
29 the service which the service contract provider or the protection  
30 product guarantee provider is legally obligated to perform according to  
31 the service contract provider's or protection product guarantee  
32 provider's contractual obligations under the service contracts or  
33 protection product guarantees issued or sold by the service contract  
34 provider or the protection product guarantee provider.

35 (2) The reimbursement insurance policy shall fully insure the  
36 obligations of the service contract provider or protection product

1 guarantee provider, rather than partially insure, or insure only in the  
2 event of service contract provider or protection product guarantee  
3 provider default.

4 (3) The reimbursement insurance policy shall state that the service  
5 contract holder or protection product guarantee holder is entitled to  
6 apply directly to the reimbursement insurance company for payment or  
7 performance due.

8 **Sec. 8.** RCW 48.110.070 and 1999 c 112 s 8 are each amended to read  
9 as follows:

10 (1) Service contracts marketed, sold, offered for sale, issued,  
11 made, proposed to be made, or administered in this state or sold to  
12 residents of this state shall be written, printed, or typed in clear,  
13 understandable language that is easy to read, and disclose the  
14 requirements set forth in this section, as applicable.

15 (2) Service contracts insured under a reimbursement insurance  
16 policy under RCW 48.110.050(2)(a) and 48.110.060 shall not be issued,  
17 sold, or offered for sale in this state or sold to residents of this  
18 state unless the service contract conspicuously contains a statement in  
19 substantially the following form: "Obligations of the service contract  
20 provider under this service contract are insured under a service  
21 contract reimbursement insurance policy." The service contract shall  
22 also conspicuously state the name and address of the issuer of the  
23 reimbursement (~~{insurance}~~) insurance policy and state that the  
24 service contract holder is entitled to apply directly to the  
25 reimbursement insurance company.

26 (3) Service contracts not insured under a reimbursement insurance  
27 policy under RCW 48.110.050(2)(a) and 48.110.060 shall contain a  
28 statement in substantially the following form: "Obligations of the  
29 service contract provider under this contract are backed by the full  
30 faith and credit of the service contract provider."

31 (4) Service contracts shall state the name and address of the  
32 service contract provider and shall identify any administrator if  
33 different from the service contract provider, the service contract  
34 seller, and the service contract holder to the extent that the name of  
35 the service contract holder has been furnished by the service contract  
36 holder. The identities of such parties are not required to be

1 preprinted on the service contract and may be added to the service  
2 contract at the time of sale.

3 (5) Service contracts shall state the purchase price of the service  
4 contract and the terms under which the service contract is sold. The  
5 purchase price is not required to be preprinted on the service contract  
6 and may be negotiated at the time of sale.

7 (6) Service contracts shall state the procedure to obtain service  
8 or to file a claim, including but not limited to the procedures for  
9 obtaining prior approval for repair work, the toll-free telephone  
10 number if prior approval is necessary for service, and the procedure  
11 for obtaining emergency repairs performed outside of normal business  
12 hours or provide for twenty-four-hour telephone assistance.

13 (7) Service contracts shall state the existence of any deductible  
14 amount, if applicable.

15 (8) Service contracts shall specify the merchandise, parts, and  
16 services to be provided and any limitations, exceptions, or exclusions.

17 (9) Service contracts shall state any restrictions governing the  
18 transferability of the service contract, if applicable.

19 (10) Service contracts shall state the terms, restrictions, or  
20 conditions governing cancellation of the service contract prior to the  
21 termination or expiration date of the service contract by either the  
22 service contract provider or by the service contract holder, which  
23 rights can be no more restrictive than provided in RCW 48.110.050(3).  
24 The service contract provider of the service contract shall mail a  
25 written notice to the service contract holder at the last known address  
26 of the service contract holder contained in the records of the service  
27 contract provider at least twenty-one days prior to cancellation by the  
28 service contract provider. The notice shall state the effective date  
29 of the cancellation and the true and actual reason for the  
30 cancellation.

31 (11) Service contracts shall set forth the obligations and duties  
32 of the service contract holder, including but not limited to the duty  
33 to protect against any further damage and any requirement to follow  
34 owner's manual instructions.

35 (12) Service contracts shall state whether or not the service  
36 contract provides for or excludes consequential damages or preexisting  
37 conditions.

38 (13) Service contracts shall state any exclusions of coverage.

1        (14) Service contracts shall not contain a provision which requires  
2 that any civil action brought in connection with the service contract  
3 must be brought in the courts of a jurisdiction other than this state.  
4 Service contracts that authorize binding arbitration to resolve claims  
5 or disputes (~~may~~) must allow for arbitration proceedings to be held  
6 at a location in closest proximity to the service contract holder's  
7 permanent residence.

8        This section does not apply to service contracts on motor vehicles  
9 or to protection product guarantees.

10        **Sec. 9.** RCW 48.110.080 and 1999 c 112 s 9 are each amended to read  
11 as follows:

12        (1) A service contract provider or protection product guarantee  
13 provider shall not use in its name the words insurance, casualty,  
14 guaranty, surety, mutual, or any other words descriptive of the  
15 insurance, casualty, guaranty, or surety business; or a name  
16 deceptively similar to the name or description of any insurance or  
17 surety corporation, or to the name of any other service contract  
18 provider or protection product guarantee provider. This subsection  
19 does not apply to a company that was using any of the prohibited  
20 language in its name prior to January 1, 1999. However, a company  
21 using the prohibited language in its name shall conspicuously disclose  
22 in its service contracts or protection product guarantees the following  
23 statement: "This agreement is not an insurance contract."

24        (2) Every service contract provider or protection product guarantee  
25 provider shall conduct its business in its own legal name, unless the  
26 commissioner has approved the use of another name.

27        (3) A service contract provider or protection product guarantee  
28 provider or (~~its~~) their representatives shall not in (~~its~~) their  
29 service contracts or protection product guarantees or literature make,  
30 permit, or cause to be made any false or misleading statement, or  
31 deliberately omit any material statement that would be considered  
32 misleading if omitted.

33        (4) A person, such as a bank, savings and loan association, lending  
34 institution, manufacturer, or seller shall not require the purchase of  
35 a service contract or protection product as a condition of a loan or a  
36 condition for the sale of any property.

1           **Sec. 10.** RCW 48.110.090 and 1999 c 112 s 10 are each amended to  
2 read as follows:

3           (1) The service contract provider or protection product guarantee  
4 provider shall keep accurate accounts, books, and records concerning  
5 transactions regulated under this chapter.

6           (2) The service contract provider's or protection product guarantee  
7 provider's accounts, books, and records shall include the following:

8           (a) Copies of each type of service contract or protection product  
9 guarantees offered, issued, or sold;

10           (b) The name and address of each service contract holder or  
11 protection product guarantee holder, to the extent that the name and  
12 address have been furnished by the service contract holder or  
13 protection product guarantee holder;

14           (c) A list of the locations where the service contracts or  
15 protection products are marketed, sold, or offered for sale; and

16           (d) Written claim files that contain at least the dates, amounts,  
17 and descriptions of claims related to the service contracts or  
18 protection products.

19           (3) Except as provided in subsection (5) of this section, the  
20 service contract provider or protection product guarantee provider  
21 shall retain all records required to be maintained by subsection (1) of  
22 this section for at least six years after the specified coverage has  
23 expired.

24           (4) The records required under this chapter may be, but are not  
25 required to be, maintained on a computer disk or other recordkeeping  
26 technology. If the records are maintained in other than hard copy, the  
27 records shall be capable of duplication to legible hard copy.

28           (5) A service contract provider or protection product guarantee  
29 provider discontinuing business in this state shall maintain its  
30 records until it furnishes the commissioner satisfactory proof that it  
31 has discharged all obligations to service contract holders or  
32 protection product guarantee holders in this state.

33           **Sec. 11.** RCW 48.110.100 and 1999 c 112 s 11 are each amended to  
34 read as follows:

35           As applicable, an insurer that issued a reimbursement insurance  
36 policy shall not terminate the policy until a notice of termination in  
37 accordance with RCW 48.18.290 has been given to the service contract

1 provider or protection product guarantee provider and has been  
2 delivered to the commissioner. The termination of a reimbursement  
3 insurance policy does not reduce the issuer's responsibility for  
4 service contracts issued by service contract providers or protection  
5 product guarantees issued by protection product guarantee providers  
6 prior to the effective date of the termination.

7 **Sec. 12.** RCW 48.110.110 and 1999 c 112 s 12 are each amended to  
8 read as follows:

9 (1) Service contract providers or protection product guarantee  
10 providers are considered to be the agent of the insurer which issued  
11 the reimbursement insurance policy for purposes of obligating the  
12 insurer to service contract holders or protection product guarantee  
13 holders in accordance with the service contract or protection product  
14 guarantee holders and this chapter. Payment of the provider fee by the  
15 consumer to the service contract seller, service contract provider, or  
16 administrator or payment of consideration for the protection product to  
17 the protection product seller constitutes payment by the consumer to  
18 the service contract provider or protection product guarantee provider  
19 and to the insurer which issued the reimbursement insurance policy. In  
20 cases where a service contract provider or protection product guarantee  
21 provider is acting as an administrator and enlists other service  
22 contract providers or protection product guarantee providers, the  
23 service contract provider or protection product guarantee provider  
24 acting as the administrator shall notify the insurer of the existence  
25 and identities of the other service contract providers or protection  
26 product guarantee providers.

27 (2) (~~Chapter 112, Laws of 1999~~) This chapter does not prevent or  
28 limit the right of an insurer which issued a reimbursement insurance  
29 policy to seek indemnification or subrogation against a service  
30 contract provider or protection product guarantee provider if the  
31 issuer pays or is obligated to pay the service contract holder or  
32 protection product guarantee holder sums that the service contract  
33 provider or protection product guarantee provider was obligated to pay  
34 under the provisions of the service contract or protection product  
35 guarantee.



1           **Sec. 13.** RCW 48.110.120 and 1999 c 112 s 13 are each amended to  
2 read as follows:

3           (1) The commissioner may conduct investigations of service contract  
4 providers or protection product guarantee providers, administrators,  
5 service contract sellers or protection product sellers, insurers, and  
6 other persons to enforce this chapter and protect service contract  
7 holders or protection product guarantee holders in this state. Upon  
8 request of the commissioner, the service contract provider or  
9 protection product guarantee provider shall make all accounts, books,  
10 and records concerning service contracts or protection products  
11 offered, issued, or sold by the service contract provider or protection  
12 product guarantee provider available to the commissioner which are  
13 necessary to enable the commissioner to determine compliance or  
14 noncompliance with this chapter.

15           (2) The commissioner may take actions under RCW 48.02.080 or  
16 48.04.050 which are necessary or appropriate to enforce this chapter  
17 and the commissioner's rules and orders, and to protect service  
18 contract holders or protection product guarantee holders in this state.

19           **Sec. 14.** RCW 48.110.130 and 1999 c 112 s 14 are each amended to  
20 read as follows:

21           (1) The commissioner may, subject to chapter 48.04 RCW, deny,  
22 suspend, or revoke the registration of a service contract provider or  
23 protection product guarantee provider if the commissioner finds that  
24 the service contract provider or protection product guarantee provider:

25           (a) Has violated this chapter or the commissioner's rules and  
26 orders;

27           (b) Has refused to be investigated or to produce its accounts,  
28 records, and files for investigation, or if any of its officers have  
29 refused to give information with respect to its affairs or refused to  
30 perform any other legal obligation as to an investigation, when  
31 required by the commissioner;

32           (c) Has, without just cause, refused to pay proper claims or  
33 perform services arising under its contracts or has, without just  
34 cause, caused service contract holders or protection product guarantee  
35 holders to accept less than the amount due them or caused service  
36 contract holders or protection product guarantee holders to employ

1 attorneys or bring suit against the service contract provider or  
2 protection product guarantee provider to secure full payment or  
3 settlement of claims;

4 (d) Is affiliated with or under the same general management or  
5 interlocking directorate or ownership as another service contract  
6 provider or protection product guarantee provider which unlawfully  
7 transacts business in this state without having a registration;

8 (e) At any time fails to meet any qualification for which issuance  
9 of the registration could have been refused had such failure then  
10 existed and been known to the commissioner;

11 (f) Has been convicted of, or has entered a plea of guilty or nolo  
12 contendere to, a felony;

13 (g) Is under suspension or revocation in another state with respect  
14 to its service contract business or protection product business;

15 (h) Has made a material misstatement in its application for  
16 registration;

17 (i) Has obtained or attempted to obtain a registration through  
18 misrepresentation or fraud;

19 (j) Has, in the transaction of business under its registration,  
20 used fraudulent, coercive, or dishonest practices; ((~~or~~))

21 (k) Has failed to pay any judgment rendered against it in this  
22 state regarding a service contract or protection product guarantee  
23 within sixty days after the judgment has become final; or

24 (l) Has failed to respond promptly to any inquiry from the  
25 insurance commissioner relative to service contract or protection  
26 product business. A lack of response within fifteen business days from  
27 receipt of an inquiry is untimely. A response must be in writing,  
28 unless otherwise indicated in the inquiry.

29 (2) The commissioner may, without advance notice or hearing  
30 thereon, immediately suspend the registration of a service contract  
31 provider or protection product guarantee provider if the commissioner  
32 finds that any of the following circumstances exist:

33 (a) The provider is insolvent;

34 (b) A proceeding for receivership, conservatorship, rehabilitation,  
35 or other delinquency proceeding regarding the service contract provider  
36 or protection product guarantee provider has been commenced in any  
37 state; or

1 (c) The financial condition or business practices of the service  
2 contract provider or protection product guarantee provider otherwise  
3 pose an imminent threat to the public health, safety, or welfare of the  
4 residents of this state.

5 (3) If the commissioner finds that grounds exist for the suspension  
6 or revocation of a registration issued under this chapter, the  
7 commissioner may, in lieu of suspension or revocation, impose a fine  
8 upon the service contract provider or protection product guarantee  
9 provider in an amount not more than two thousand dollars per violation.

10 **Sec. 15.** RCW 48.110.140 and 1999 c 112 s 15 are each amended to  
11 read as follows:

12 The legislature finds that the practices covered by this chapter  
13 are matters vitally affecting the public interest for the purpose of  
14 applying the consumer protection act, chapter 19.86 RCW. Violations of  
15 this chapter are not reasonable in relation to the development and  
16 preservation of business. A violation of this chapter is an unfair or  
17 deceptive act or practice in the conduct of trade or commerce and an  
18 unfair method of competition, as specifically contemplated by RCW  
19 19.86.020, and is a violation of the consumer protection act, chapter  
20 19.86 RCW. Any service contract holder or protection product guarantee  
21 holder injured as a result of a violation of a provision of this  
22 chapter shall be entitled to maintain an action pursuant to chapter  
23 19.86 RCW against the service contract provider or protection product  
24 guarantee provider and the insurer issuing the applicable service  
25 contract or protection product guarantee reimbursement (~~(insurance)~~)  
26 insurance policy and shall be entitled to all of the rights and  
27 remedies afforded by that chapter.

28 **Sec. 16.** RCW 48.110.900 and 1999 c 112 s 17 are each amended to  
29 read as follows:

30 This chapter applies to all service contracts, other than on motor  
31 vehicles, sold or offered for sale ninety or more days after July 25,  
32 1999. This chapter applies to all service contracts on motor vehicles  
33 and protection products sold or offered for sale after September 30,  
34 2006.

1        NEW SECTION.    **Sec. 17.**    A new section is added to chapter 48.110

2    RCW to read as follows:

3        (1) This section applies to protection product guarantee providers.

4        (2) A person shall not act as, or offer to act as, or hold himself  
5    or herself out to be a protection product guarantee provider in this  
6    state, nor may a protection product be sold to a consumer in this  
7    state, unless the protection product guarantee provider has:

8        (a) A valid registration as a protection product guarantee provider  
9    issued by the commissioner; and

10       (b) Either demonstrated its financial responsibility or assured the  
11    faithful performance of the protection product guarantee provider's  
12    obligations to its protection product guarantee holders by insuring all  
13    protection product guarantees under a reimbursement insurance policy  
14    issued by an insurer holding a certificate of authority from the  
15    commissioner or a risk retention group, as defined in 15 U.S.C. Sec.  
16    3901(a)(4), as long as that risk retention group is in full compliance  
17    with the federal liability risk retention act of 1986 (15 U.S.C. Sec.  
18    3901 et seq.), is in good standing in its domiciliary jurisdiction, and  
19    properly registered with the commissioner under chapter 48.92 RCW. The  
20    insurance required by this subsection must meet the following  
21    requirements:

22       (i) The insurer or risk retention group must, at the time the  
23    policy is filed with the commissioner, and continuously thereafter,  
24    maintain surplus as to policyholders and paid-in capital of at least  
25    fifteen million dollars and annually file audited financial statements  
26    with the commissioner; and

27       (ii) The commissioner may authorize an insurer or risk retention  
28    group that has surplus as to policyholders and paid-in capital of less  
29    than fifteen million dollars, but at least equal to ten million  
30    dollars, to issue the insurance required by this subsection if the  
31    insurer or risk retention group demonstrates to the satisfaction of the  
32    commissioner that the company maintains a ratio of direct written  
33    premiums, wherever written, to surplus as to policyholders and paid-in  
34    capital of not more than three to one.

35       (3) Applicants to be a protection product guarantee provider shall  
36    make an application to the commissioner upon a form to be furnished by  
37    the commissioner. The application shall include or be accompanied by  
38    the following information and documents:

1 (a) The names of the protection product guarantee provider's  
2 executive officer or officers directly responsible for the protection  
3 product guarantee provider's protection product guarantee business and  
4 their biographical affidavits on a form prescribed by the commissioner;

5 (b) The name, address, and telephone number of any administrators  
6 designated by the protection product guarantee provider to be  
7 responsible for the administration of protection product guarantees in  
8 this state;

9 (c) A copy of the protection product guarantee reimbursement  
10 insurance policy or policies;

11 (d) A copy of each protection product guarantee the protection  
12 product guarantee provider proposes to use in this state;

13 (e) Any other pertinent information required by the commissioner;  
14 and

15 (f) A nonrefundable application fee of two hundred fifty dollars.

16 (4) The applicant shall appoint the commissioner as its attorney to  
17 receive service of legal process in any action, suit, or proceeding in  
18 any court. This appointment is irrevocable and shall bind the  
19 protection product guarantee provider or any successor in interest,  
20 shall remain in effect as long as there is in force in this state any  
21 protection product guarantee or any obligation arising therefrom  
22 related to residents of this state, and shall be processed in  
23 accordance with RCW 48.05.210.

24 (5) The commissioner may refuse to issue a registration if the  
25 commissioner determines that the protection product guarantee provider,  
26 or any individual responsible for the conduct of the affairs of the  
27 protection product guarantee provider under subsection (3)(a) of this  
28 section, is not competent, trustworthy, financially responsible, or has  
29 had a license as a protection product guarantee provider or similar  
30 license denied or revoked for cause by any state.

31 (6) A registration issued under this section is valid, unless  
32 surrendered, suspended, or revoked by the commissioner, or not renewed  
33 for so long as the protection product guarantee provider continues in  
34 business in this state and remains in compliance with this chapter. A  
35 registration is subject to renewal annually on the first day of July  
36 upon application of the protection product guarantee provider and  
37 payment of a fee of two hundred fifty dollars. If not so renewed, the  
38 registration expires on the June 30th next preceding.

1 (7) A protection product guarantee provider shall keep current the  
2 information required to be disclosed in its registration under this  
3 section by reporting all material changes or additions within thirty  
4 days after the end of the month in which the change or addition occurs.

5 NEW SECTION. **Sec. 18.** A new section is added to chapter 48.110  
6 RCW to read as follows:

7 (1) This section applies to service contracts on motor vehicles.

8 (2) Service contracts shall not be issued, sold, or offered for  
9 sale in this state or sold to consumers in this state unless:

10 (a) The service contract provider has either demonstrated its  
11 financial responsibility or assured the faithful performance of the  
12 service contract provider's obligations to its service contract holders  
13 by insuring all service contracts under a reimbursement insurance  
14 policy issued by an insurer holding a certificate of authority from the  
15 commissioner or a risk retention group, as defined in 15 U.S.C. Sec.  
16 3901(a)(4), as long as that risk retention group is in full compliance  
17 with the federal liability risk retention act of 1986 (15 U.S.C. Sec.  
18 3901 et seq.), is in good standing in its domiciliary jurisdiction, and  
19 properly registered with the commissioner under chapter 48.92 RCW. The  
20 insurance required by this subsection must meet the following  
21 requirements:

22 (i) The insurer or risk retention group must, at the time the  
23 policy is filed with the commissioner, and continuously thereafter,  
24 maintain surplus as to policyholders and paid-in capital of at least  
25 fifteen million dollars and annually file audited financial statements  
26 with the commissioner; and

27 (ii) The commissioner may authorize an insurer or risk retention  
28 group that has surplus as to policyholders and paid-in capital of less  
29 than fifteen million dollars, but at least equal to ten million  
30 dollars, to issue the insurance required by this subsection if the  
31 insurer or risk retention group demonstrates to the satisfaction of the  
32 commissioner that the company maintains a ratio of direct written  
33 premiums, wherever written, to surplus as to policyholders and paid-in  
34 capital of not more than three to one;

35 (b) The service contract conspicuously states that the obligations  
36 of the provider to the service contract holder are guaranteed under the  
37 reimbursement insurance policy, the name and address of the issuer of

1 the reimbursement insurance policy, the applicable policy number, and  
2 the means by which a service contract holder may file a claim under the  
3 policy;

4 (c) The service contract conspicuously and unambiguously states the  
5 name and address of the service contract provider and identifies any  
6 administrator if different from the service contract provider, the  
7 service contract seller, and the service contract holder. The identity  
8 of the service contract seller and the service contract holder are not  
9 required to be preprinted on the service contract and may be added to  
10 the service contract at the time of sale;

11 (d) The service contract states the purchase price of the service  
12 contract and the terms under which the service contract is sold. The  
13 purchase price is not required to be preprinted on the service contract  
14 and may be negotiated at the time of sale;

15 (e) The contract contains a conspicuous statement that has been  
16 initialed by the service contract holder and discloses:

17 (i) Any material conditions that the service contract holder must  
18 meet to maintain coverage under the contract including, but not limited  
19 to, any maintenance schedule to which the service contract holder must  
20 adhere, any requirement placed on the service contract holder for  
21 documenting repair or maintenance work, any duty to protect against any  
22 further damage, and any procedure to which the service contract holder  
23 must adhere for filing claims;

24 (ii) The work and parts covered by the contract;

25 (iii) Any time or mileage limitations;

26 (iv) That the implied warranty of merchantability on the motor  
27 vehicle is not waived if the contract has been purchased within ninety  
28 days of the purchase date of the motor vehicle from a provider or  
29 service contract seller who also sold the motor vehicle covered by the  
30 contract;

31 (v) Any exclusions of coverage; and

32 (vi) The contract holder's right to return the contract for a  
33 refund, which right can be no more restrictive than provided for in  
34 subsection (4) of this section;

35 (f) The service contract states the procedure to obtain service or  
36 to file a claim, including but not limited to the procedures for  
37 obtaining prior approval for repair work, the toll-free telephone

1 number if prior approval is necessary for service, and the procedure  
2 for obtaining emergency repairs performed outside of normal business  
3 hours or for obtaining twenty-four-hour telephone assistance;

4 (g) The service contract states the existence of any deductible  
5 amount, if applicable;

6 (h) The service contract states any restrictions governing the  
7 transferability of the service contract, if applicable; and

8 (i) The service contract states whether or not the service contract  
9 provides for or excludes consequential damages or preexisting  
10 conditions.

11 (3) Service contracts shall not contain a provision which requires  
12 that any civil action brought in connection with the service contract  
13 must be brought in the courts of a jurisdiction other than this state.  
14 Service contracts that authorize binding arbitration to resolve claims  
15 or disputes must allow for arbitration proceedings to be held at a  
16 location in closest proximity to the service contract holder's  
17 permanent residence.

18 (4)(a) At a minimum, every provider shall permit the service  
19 contract holder to return the contract within thirty days of its  
20 purchase if no claim has been made under the contract, and shall refund  
21 to the holder the full purchase price of the contract unless the  
22 service contract holder returns the contract ten or more days after its  
23 purchase, in which case the provider may charge a cancellation fee not  
24 exceeding twenty-five dollars.

25 (b) If no claim has been made and a contract holder returns the  
26 contract after thirty days, the provider shall refund the purchase  
27 price pro rata based upon either elapsed time or mileage computed from  
28 the date the contract was purchased and the mileage on that date, less  
29 a cancellation fee not exceeding twenty-five dollars.

30 (c) A ten percent penalty shall be added to any refund that is not  
31 paid within thirty days of return of the contract to the provider.

32 (d) If a contract holder returns the contract under this  
33 subsection, the contract is void from the beginning and the parties are  
34 in the same position as if no contract had been issued.

35 (e) If a service contract holder returns the contract in accordance  
36 with this section, the insurer issuing the reimbursement insurance  
37 policy covering the contract shall refund to the provider the full



1 premium by the provider for the contract if canceled within thirty days  
2 or a pro rata refund if canceled after thirty days.

3 (5) A service contract provider shall not deny a claim for coverage  
4 based upon the service contract holder's failure to properly maintain  
5 the vehicle, unless the failure to maintain the vehicle involved the  
6 failed part or parts.

7 (6) A contract provider has only sixty days from the date of the  
8 sale of the service contract to the holder to determine whether or not  
9 the vehicle qualifies under the provider's program for that vehicle.  
10 After sixty days the vehicle qualifies for the service contract that  
11 was issued and the service contract provider may not cancel the  
12 contract and is fully obligated under the terms of the contract sold to  
13 the service contract holder.

14 NEW SECTION. **Sec. 19.** A new section is added to chapter 48.110  
15 RCW to read as follows:

16 (1) Except for service contract providers or protection product  
17 guarantee providers, persons marketing, selling, or offering to sell  
18 service contracts or protection products for providers are exempt from  
19 the registration requirements of RCW 48.110.030.

20 (2) The marketing, sale, offering for sale, issuance, making,  
21 proposing to make, and administration of service contracts or  
22 protection products by service contract providers or protection product  
23 guarantee providers and related service contract or protection product  
24 sellers, administrators, and other persons complying with this chapter  
25 are exempt from the other provisions of this title, except chapters  
26 48.04 and 48.30 RCW and as otherwise provided in this chapter.

27 NEW SECTION. **Sec. 20.** A new section is added to chapter 48.110  
28 RCW to read as follows:

29 (1) If the service contract provider or protection product  
30 guarantee provider is using reimbursement insurance policy to satisfy  
31 the requirements of RCW 48.110.050(2)(a) or section 17(2)(b) or  
32 18(2)(a) of this act, then the reimbursement insurance policy shall be  
33 filed with and approved by the commissioner in accordance with and  
34 pursuant to the requirements of chapter 48.18 RCW.

35 (2) All service contracts forms covering motor vehicles must be

1 filed with and approved by the commissioner prior to the service  
2 contract forms being used, issued, delivered, sold, or marketed in this  
3 state or to residents of this state.

4 (3) All service contracts forms covering motor vehicles being used,  
5 issued, delivered, sold, or marketed in this state or to residents of  
6 this state by motor vehicle manufacturers or import distributors or  
7 wholly owned subsidiaries thereof must be filed with the commissioner  
8 for approval within sixty days after the motor vehicle manufacturer or  
9 import distributor or wholly owned subsidiary thereof begins using the  
10 service contracts forms.

11 (4) The commissioner shall disapprove any motor vehicle service  
12 contract form if:

13 (a) The form is in any respect in violation of, or does not comply  
14 with, this chapter or any applicable order or regulation of the  
15 commissioner issued under this chapter;

16 (b) The form contains or incorporates by reference any  
17 inconsistent, ambiguous, or misleading clauses, or exceptions and  
18 conditions;

19 (c) The form has any title, heading, or other indication of its  
20 provisions that is misleading; or

21 (d) The purchase of the contract is being solicited by deceptive  
22 advertising.

23 NEW SECTION. **Sec. 21.** (1) RCW 48.110.030 (2) (a) and (b), (3),  
24 and (4), 48.110.040, 48.110.060, 48.110.100, 48.110.110, section 18  
25 (2)(a) and (b) and (4)(e) of this act, and section 20 (1) and (2) of  
26 this act do not apply to motor vehicle service contracts issued by a  
27 motor vehicle manufacturer or import distributor covering vehicles  
28 manufactured or imported by the motor vehicle manufacturer or import  
29 distributor.

30 (2) RCW 48.110.030(2)(c) does not apply to a publicly traded motor  
31 vehicle manufacturer or import distributor.

32 (3) RCW 48.110.030 (2) (a) through (c), (3), and (4), 48.110.040,  
33 and section 20(2) of this act do not apply to wholly owned subsidiaries  
34 of motor vehicle manufacturers or import distributors.

35 (4) The adoption of this act does not imply that a vehicle  
36 protection product warranty was insurance prior to October 1, 2006.

1        NEW SECTION.    **Sec. 22.** If any provision of this act or its  
2 application to any person or circumstance is held invalid, the  
3 remainder of the act or the application of the provision to other  
4 persons or circumstances is not affected.

5        NEW SECTION.    **Sec. 23.** The following acts or parts of acts are  
6 each repealed:

7            (1) RCW 48.96.005 (Purpose) and 1990 c 239 s 2;

8            (2) RCW 48.96.010 (Definitions) and 1987 c 99 s 1;

9            (3) RCW 48.96.020 (Reimbursement policy required for sale of  
10 service contract) and 1987 c 99 s 2;

11           (4) RCW 48.96.025 (Reimbursement policy--Insurer's responsibility)  
12 and 1990 c 239 s 3;

13           (5) RCW 48.96.030 (Reimbursement policy--Required provisions) and  
14 1990 c 239 s 6 & 1987 c 99 s 3;

15           (6) RCW 48.96.040 (Service contract--Required statements) and 1990  
16 c 239 s 7 & 1987 c 99 s 4;

17           (7) RCW 48.96.045 (Service contract--Notice to holder) and 1990 c  
18 239 s 4;

19           (8) RCW 48.96.047 (Service contract--Holder's right to return) and  
20 1990 c 239 s 5;

21           (9) RCW 48.96.050 (Service contracts--Excluded parties) and 1990 c  
22 239 s 8 & 1987 c 99 s 5;

23           (10) RCW 48.96.060 (Noncompliance as unfair competition, trade  
24 practice--Remedies) and 1990 c 239 s 9 & 1987 c 99 s 6;

25           (11) RCW 48.96.900 (Application of chapter--Date) and 1987 c 99 s  
26 7; and

27           (12) RCW 48.96.901 (Effective date--1990 c 239 §§ 2-10) and 1990 c  
28 239 s 11.

29        NEW SECTION.    **Sec. 24.** This act takes effect October 1, 2006.  
         Passed by the House March 6, 2006.  
         Passed by the Senate March 3, 2006.  
         Approved by the Governor March 28, 2006.  
         Filed in Office of Secretary of State March 28, 2006.