

SHB 3032 - H AMD 1067
By Representative

ADOPTED 02/13/2010

1 Strike everything after the enacting clause and insert the
2 following:

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

5 The definitions in this section apply throughout this chapter.

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

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

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

12 (4) "Incidental costs" means expenses specified in the guarantee
13 incurred by the protection product guarantee holder related to damages
14 to other property caused by the failure of the protection product to
15 perform as provided in the guarantee. "Incidental costs" may include,
16 without limitation, insurance policy deductibles, rental vehicle
17 charges, the difference between the actual value of the stolen vehicle
18 at the time of theft and the cost of a replacement vehicle, sales
19 taxes, registration fees, transaction fees, and mechanical inspection
20 fees. Incidental costs may be paid under the provisions of the
21 protection product guarantee in either a fixed amount specified in the
22 protection product guarantee or sales agreement, or by the use of a
23 formula itemizing specific incidental costs incurred by the protection
24 product guarantee holder to be paid.

25 (5) "Protection product" means any product offered or sold with a
26 guarantee to repair or replace another product or pay incidental costs
27 upon the failure of the product to perform pursuant to the terms of the
28 protection product guarantee.

29 (6) "Protection product guarantee" means a written agreement by a
30 protection product guarantee provider to repair or replace another

1 product or pay incidental costs upon the failure of the protection
2 product to perform pursuant to the terms of the protection product
3 guarantee.

4 (7) "Protection product guarantee provider" means a person who is
5 contractually obligated to the protection product guarantee holder
6 under the terms of the protection product guarantee. Protection
7 product guarantee provider does not include an authorized insurer
8 providing a reimbursement insurance policy.

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

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

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

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

17 (12) "Person" means an individual, partnership, corporation,
18 incorporated or unincorporated association, joint stock company,
19 reciprocal insurer, syndicate, or any similar entity or combination of
20 entities acting in concert.

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

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

25 (15) "Reimbursement insurance policy" means a policy of insurance
26 that is issued to a service contract provider or a protection product
27 guarantee provider to provide reimbursement to the service contract
28 provider or the protection product guarantee provider or to pay on
29 behalf of the service contract provider or the protection product
30 guarantee provider all contractual obligations incurred by the service
31 contract provider or the protection product guarantee provider under
32 the terms of the insured service contracts or protection product
33 guarantees issued or sold by the service contract provider or the
34 protection product guarantee provider.

35 (16)(a) "Service contract" means a contract or agreement for
36 consideration over and above the lease or purchase price of the
37 property for a specific duration to perform the repair, replacement, or
38 maintenance of property or the indemnification for repair, replacement,

1 or maintenance for operational or structural failure due to a defect in
2 materials or workmanship, or normal wear and tear. Service contracts
3 may provide for the repair, replacement, or maintenance of property for
4 damage resulting from power surges and accidental damage from handling,
5 with or without additional provision for incidental payment of
6 indemnity under limited circumstances, including towing, rental,
7 emergency road services, or other expenses relating to the failure of
8 the product or of a component part thereof.

9 (b) "Service contract" also includes a contract or agreement sold
10 for separately stated consideration for a specific duration to perform
11 the repair or replacement of tires and/or wheels damaged as a result of
12 coming into contact with road hazards including but not limited to
13 potholes, rocks, wood debris, metal parts, glass, plastic, curbs, or
14 composite scraps. However, a contract or agreement meeting the
15 definition under this subsection (16)(b) in which the party obligated
16 to perform is either a tire or wheel manufacturer or a motor vehicle
17 manufacturer is exempt from the requirements of this chapter.

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

20 (18) "Service contract provider" means a person who is
21 contractually obligated to the service contract holder under the terms
22 of the service contract.

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

25 (20) "Warranty" means a warranty made solely by the manufacturer,
26 importer, or seller of property or services without consideration; that
27 is not negotiated or separated from the sale of the product and is
28 incidental to the sale of the product; and that guarantees indemnity
29 for defective parts, mechanical or electrical breakdown, labor, or
30 other remedial measures, such as repair or replacement of the property
31 or repetition of services.

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

1 Correct the title.

EFFECT: Adds language that alters the definition of a service contract or agreement as it relates to tire or wheel replacement. The contract or agreement to perform the repair or replacement of tires and/or wheels must be sold for separately stated consideration and last for a specific amount of time.

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