
SUBSTITUTE SENATE BILL 6332

State of Washington

55th Legislature

1998 Regular Session

By Senate Committee on Financial Institutions, Insurance & Housing
(originally sponsored by Senators Winsley, Prentice, Heavey and Hale)

Read first time 02/06/98.

1 AN ACT Relating to motor vehicle lubricant or chemical treatment
2 product warranties; amending RCW 48.01.050 and 48.96.010; and creating
3 new sections.

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

5 **Sec. 1.** RCW 48.01.050 and 1990 c 130 s 1 are each amended to read
6 as follows:

7 "Insurer" as used in this code includes every person engaged in the
8 business of making contracts of insurance, other than a fraternal
9 benefit society. A reciprocal or interinsurance exchange is an
10 "insurer" as used in this code. Two or more hospitals(~~((, as defined in~~
11 ~~RCW 70.39.020(3),~~)) which join and organize as a mutual corporation
12 pursuant to chapter 24.06 RCW for the purpose of insuring or self-
13 insuring against liability claims, including medical liability, through
14 a contributing trust fund shall not be deemed an "insurer" under this
15 code. Two or more local governmental entities(~~((, as defined in RCW~~
16 ~~48.62.020, which pursuant to RCW 48.62.040, 48.62.035, or any other~~
17 ~~provision of law))~~ that join together and organize to form an
18 organization for the purpose of jointly self-insuring or self-funding
19 shall not be deemed an "insurer" under this code. Two or more persons

1 engaged in the business of commercial fishing who enter into an
2 arrangement with other such persons for the pooling of funds to pay
3 claims or losses arising out of loss or damage to a vessel or machinery
4 used in the business of commercial fishing and owned by a member of the
5 pool shall not be deemed an "insurer" under this code. A manufacturer
6 of a motor vehicle lubricant or motor vehicle chemical treatment
7 product who, in connection with the sale of such a product, issues an
8 agreement warranting the performance of that product is not an
9 "insurer" under this code; if (1) the manufacturer makes no charge for
10 the agreement separate and apart from the price of the product, and (2)
11 the manufacturer, or an entity having direct or indirect beneficial
12 ownership of at least eighty percent of the common stock of the
13 manufacturer, has consolidated stockholders' equity of at least fifty
14 million dollars as reflected on its most recent form 10-K filed with
15 the federal securities and exchange commission or an audited financial
16 statement prepared in accordance with generally accepted accounting
17 principles and as to which an opinion has been expressed by an
18 independent certified public accountant in good standing with the
19 American institute of certified public accountants and in all states
20 where that accountant is licensed to practice.

21 **Sec. 2.** RCW 48.96.010 and 1987 c 99 s 1 are each amended to read
22 as follows:

23 (1) "Motor vehicle service contract" or "service contract" means a
24 contract or agreement given for consideration over and above the lease
25 or purchase price of a motor vehicle that undertakes to perform or
26 provide repair or replacement service, or indemnification for that
27 service, for the operational or structural failure of a motor vehicle
28 due to a defect in materials or skill of work or normal wear and tear,
29 but does not include mechanical breakdown insurance or a lubricant
30 product warranty.

31 (2) "Motor vehicle service contract provider" or "provider" means
32 a person who issues, makes, provides, sells, or offers to sell a motor
33 vehicle service contract.

34 (3) "Mechanical breakdown insurance" means a policy, contract, or
35 agreement that undertakes to perform or provide repair or replacement
36 service, or indemnification for that service, for the operational or
37 structural failure of a motor vehicle due to a defect in materials or

1 skill of work or normal wear and tear, and that is issued by an
2 insurance company authorized to do business in this state.

3 (4) "Motor vehicle service contract reimbursement insurance policy"
4 or "reimbursement insurance policy" means a policy of insurance
5 providing coverage for all obligations and liabilities incurred by a
6 motor vehicle service contract provider under the terms of motor
7 vehicle service contracts issued by the provider.

8 (5) "Motor vehicle" means any vehicle subject to registration under
9 chapter 46.16 RCW.

10 (6) "Service contract holder" means a person who purchases a motor
11 vehicle service contract.

12 (7) "Lubricant product warranty" means an agreement that warrants
13 the performance of a motor vehicle lubricant or motor vehicle chemical
14 treatment product manufactured by the warrantor, that is issued in
15 connection with the sale of such a product; if (a) the warrantor makes
16 no charge for the agreement separate and apart from the price of the
17 product, and (b) the warrantor, or an entity having direct or indirect
18 beneficial ownership of at least eighty percent of the common stock of
19 the warrantor, has consolidated stockholders' equity of at least fifty
20 million dollars as reflected on its most recent form 10-K filed with
21 the federal securities and exchange commission or an audited financial
22 statement prepared in accordance with generally accepted accounting
23 principles and as to which an opinion has been expressed by an
24 independent certified public accountant in good standing with the
25 American institute of certified public accountants and in all states
26 where such accountant is licensed to practice.

27 NEW SECTION. Sec. 3. This act applies to purchases made
28 subsequent to the effective date of this act.

29 NEW SECTION. Sec. 4. The senate committee on financial
30 institutions, insurance and housing shall study the price and cost of
31 lubricant product warranties and motor service contracts under the
32 direction of the chair and report its findings in December 1998.

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