

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 2886**

Chapter 208, Laws of 2000

56th Legislature  
2000 Regular Session

SERVICE CONTRACTS

EFFECTIVE DATE: 6/8/00

Passed by the House February 14, 2000  
Yeas 94 Nays 1

CLYDE BALLARD  
**Speaker of the House of Representatives**

FRANK CHOPP  
**Speaker of the House of Representatives**

Passed by the Senate March 2, 2000  
Yeas 48 Nays 0

BRAD OWEN  
**President of the Senate**

Approved March 30, 2000

GARY LOCKE  
**Governor of the State of Washington**

CERTIFICATE

We, Timothy A. Martin and Cynthia Zehnder, Co-Chief Clerks of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2886** as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN  
**Chief Clerk**

CYNTHIA ZEHNDER  
**Chief Clerk**

FILED

March 30, 2000 - 2:11 p.m.

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 2886**

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Passed Legislature - 2000 Regular Session

**State of Washington                      56th Legislature                      2000 Regular Session**

**By** House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Barlean, Keiser, Benson and Hatfield)

Read first time 02/04/2000. Referred to Committee on .

1            AN ACT Relating to service contracts; and amending RCW 48.110.015  
2 and 48.110.020.

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

4            **Sec. 1.** RCW 48.110.015 and 1999 c 112 s 2 are each amended to read  
5 as follows:

6            (1) The following are exempt from this title:

7            (a) Warranties;

8            (b) Maintenance agreements; and

9            (c) Service contracts:

10            (i) Paid for with separate and additional consideration;

11            (ii) Issued at the point of sale, or within sixty days of the  
12 original purchase date of the property; and

13            (iii) On tangible property when the tangible property for which the  
14 service contract is sold has a purchase price of fifty dollars or less,  
15 exclusive of sales tax.

16            (2) This chapter does not apply to:

17            (a) Vehicle service contracts which are governed under chapter  
18 48.96 RCW; (~~and~~)

19            (b) Vehicle mechanical breakdown insurance; and

1        (c) Service contracts on tangible personal property purchased by  
2 persons who are not consumers.

3        **Sec. 2.** RCW 48.110.020 and 1999 c 112 s 3 are each amended to read  
4 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 or the service contracts plan.

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

9        (3) "Consumer" means ~~((a person))~~ an individual who buys any  
10 tangible personal property that is ~~((distributed in commerce))~~  
11 primarily for personal, family, or household use.

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

14        (5) "Person" means an individual, partnership, corporation,  
15 incorporated or unincorporated association, joint stock company,  
16 reciprocal insurer, syndicate, or any similar entity or combination of  
17 entities acting in concert.

18        (6) "Premium" means the consideration paid to an insurer for a  
19 reimbursement insurance policy.

20        (7) "Provider fee" means the consideration paid by a consumer for  
21 a service contract.

22        (8) "Reimbursement insurance policy" means a policy of insurance  
23 that is issued to a service contract provider to provide reimbursement  
24 to the service contract provider or to pay on behalf of the service  
25 contract provider all contractual obligations incurred by the service  
26 contract provider under the terms of the insured service contracts  
27 issued or sold by the service contract provider.

28        (9) "Service contract" means a contract or agreement for a  
29 separately stated consideration for a specific duration to perform the  
30 repair, replacement, or maintenance of property or the indemnification  
31 for repair, replacement, or maintenance for operational or structural  
32 failure due to a defect in materials or workmanship, or normal wear and  
33 tear. Service contracts may provide for the repair, replacement, or  
34 maintenance of property for damage resulting from power surges and  
35 accidental damage from handling, with or without additional provision  
36 for indemnity payments for incidental damages to other property  
37 directly caused by the failure of the property which is the subject of  
38 the service contract, provided the indemnity payment per incident does

1 not exceed the purchase price of the property that is the subject of  
2 the service contract.

3 (10) "Service contract holder" or "contract holder" means a person  
4 who is the purchaser or holder of a service contract.

5 (11) "Service contract provider" means a person who is  
6 contractually obligated to the service contract holder under the terms  
7 of the service contract.

8 (12) "Service contract seller" means the person who sells the  
9 service contract to the consumer.

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

Passed the House February 14, 2000.

Passed the Senate March 2, 2000.

Approved by the Governor March 30, 2000.

Filed in Office of Secretary of State March 30, 2000.