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HOUSE BILL 3032

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State of Washington

61st Legislature

2010 Regular Session

By Representatives Simpson and Bailey

Read first time 01/21/10. Referred to Committee on Financial Institutions & 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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