

CERTIFICATION OF ENROLLMENT

HOUSE BILL 1704

67th Legislature
2022 Regular Session

Passed by the House February 14, 2022
Yeas 97 Nays 0

**Speaker of the House of
Representatives**

Passed by the Senate March 4, 2022
Yeas 46 Nays 2

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1704** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

HOUSE BILL 1704

Passed Legislature - 2022 Regular Session

State of Washington

67th Legislature

2022 Regular Session

By Representatives Kirby, Vick, Ryu, and Dufault

Prefiled 12/27/21. Read first time 01/10/22. Referred to Committee on Consumer Protection & Business.

1 AN ACT Relating to the regulation of service contracts and
2 protection product guarantees; and amending RCW 48.110.050,
3 48.110.055, 48.110.060, 48.110.070, 48.110.073, 48.110.075,
4 48.110.110, and 48.110.140.

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

6 **Sec. 1.** RCW 48.110.050 and 2016 c 224 s 3 are each amended to
7 read as follows:

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

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

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

16 (2) In order to either demonstrate its financial responsibility
17 or assure the faithful performance of the service contract provider's
18 obligations to its service contract holders, every service contract
19 provider shall comply with the requirements of one of the following:

20 (a) Insure all service contracts under ((a)) one or more
21 reimbursement insurance ((policy)) policies issued by ((an insurer))

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

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

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

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

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

39 (D) An irrevocable evergreen letter of credit issued by a
40 qualified financial institution; or

1 (E) Another form of security prescribed by rule by the
2 commissioner; or

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

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

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

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

7 (4) This section does not apply to service contracts on motor
8 vehicles or to protection product guarantees.

9 **Sec. 2.** RCW 48.110.055 and 2019 c 16 s 3 are each amended to
10 read as follows:

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

13 (2) A person must not act as, or offer to act as, or hold himself
14 or herself out to be a protection product guarantee provider in this
15 state, nor may a protection product be sold to a consumer in this
16 state, unless the protection product guarantee provider has:

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

19 (b) Either demonstrated its financial responsibility or assured
20 the faithful performance of the protection product guarantee
21 provider's obligations to its protection product guarantee holders by
22 insuring all protection product guarantees under ~~((a))~~ one or more
23 reimbursement insurance ~~((policy))~~ policies issued by ~~((an insurer))~~
24 one or more insurers holding a certificate of authority from the
25 commissioner or a risk retention group, as defined in 15 U.S.C. Sec.
26 3901(a)(4), as long as that risk retention group is in full
27 compliance with the federal liability risk retention act of 1986 (15
28 U.S.C. Sec. 3901 et seq.), is in good standing in its domiciliary
29 jurisdiction, and properly registered with the commissioner under
30 chapter 48.92 RCW. The insurance required by this subsection must
31 meet the following requirements:

32 (i) The insurer or risk retention group must, at the time the
33 policy ~~((is))~~ or policies are filed with the commissioner, and
34 continuously thereafter, maintain surplus as to policyholders and
35 paid-in capital of at least fifteen million dollars and annually file
36 audited financial statements with the commissioner; and

37 (ii) The commissioner may authorize an insurer or risk retention
38 group that has surplus as to policyholders and paid-in capital of
39 less than fifteen million dollars, but at least equal to ten million

1 dollars, to issue the insurance required by this subsection if the
2 insurer or risk retention group demonstrates to the satisfaction of
3 the commissioner that the company maintains a ratio of direct written
4 premiums, wherever written, to surplus as to policyholders and paid-
5 in capital of not more than three to one.

6 (3) Applicants to be a protection product guarantee provider must
7 make an application to the commissioner upon a form to be furnished
8 by the commissioner. The application must include or be accompanied
9 by the following information and documents:

10 (a) The names of the protection product guarantee provider's
11 executive officer or officers directly responsible for the protection
12 product guarantee provider's protection product guarantee business
13 and their biographical affidavits on a form prescribed by the
14 commissioner;

15 (b) The name, address, and telephone number of any administrators
16 designated by the protection product guarantee provider to be
17 responsible for the administration of protection product guarantees
18 in this state;

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

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

23 (e) The most recent annual financial statements, if available, or
24 the most recent financial statements certified as accurate by two or
25 more officers of the applicant which prove that the applicant has and
26 maintains a minimum net worth or stockholder's equity of two hundred
27 thousand dollars or more calculated in accordance with RCW 48.110.078
28 and the ability to pay its debts when debts become due; and

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

30 (4) Each registered protection product guarantee provider must
31 appoint the commissioner as the protection product guarantee
32 provider's attorney to receive service of legal process issued
33 against the protection product guarantee provider in this state upon
34 causes of action arising within this state. Service upon the
35 commissioner as attorney constitutes effective legal service upon the
36 protection product guarantee provider.

37 (a) With the appointment the protection product guarantee
38 provider must designate the person to whom the commissioner must
39 forward legal process so served upon him or her.

1 (b) The appointment is irrevocable, binds any successor in
2 interest or to the assets or liabilities of the protection product
3 guarantee provider, and remains in effect for as long as there could
4 be any cause of action against the protection product guarantee
5 provider arising out of any of the protection product guarantee
6 provider's contracts or obligations in this state.

7 (c) The service of process must be accomplished and processed in
8 the manner prescribed under RCW 48.02.200.

9 (5) The commissioner may refuse to issue a registration if the
10 commissioner determines that the protection product guarantee
11 provider, or any individual responsible for the conduct of the
12 affairs of the protection product guarantee provider under subsection
13 (3)(a) of this section, is not competent, trustworthy, cannot
14 demonstrate a minimum net worth or stockholder's equity in accordance
15 with the applicable requirements of subsection (3)(e) of this section
16 and the ability to pay its debts when debts become due, or has had a
17 license as a protection product guarantee provider or similar license
18 denied or revoked for cause by any state.

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

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

33 **Sec. 3.** RCW 48.110.060 and 2006 c 274 s 7 are each amended to
34 read as follows:

35 (1) Reimbursement insurance policies insuring service contracts
36 or protection product guarantees issued, sold, or offered for sale in
37 this state or issued or sold to consumers in this state shall state
38 that the insurer that issued the reimbursement insurance policy shall
39 either reimburse ((or)) the provider, or, in the event of

1 nonperformance by the provider, shall pay on behalf of the service
2 contract provider or the protection product guarantee provider all
3 sums the service contract provider or the protection product
4 guarantee provider is legally obligated to pay, including but not
5 limited to the refund of the full purchase price of the service
6 contract to the service contract holder or shall provide the service
7 which the service contract provider or the protection product
8 guarantee provider is legally obligated to perform according to the
9 service contract provider's or protection product guarantee
10 provider's contractual obligations under the service contracts or
11 protection product guarantees issued or sold by the service contract
12 provider or the protection product guarantee provider.

13 (2) The reimbursement insurance policy or policies shall either
14 fully insure the obligations of the service contract provider or
15 protection product guarantee provider (~~(, rather than partially~~
16 ~~insure,)~~) or insure only in the event of service contract provider or
17 protection product guarantee provider default.

18 (3) The reimbursement insurance policy or policies shall state
19 that the service contract holder or protection product guarantee
20 holder is entitled to apply directly to the reimbursement insurance
21 company for payment or performance due.

22 **Sec. 4.** RCW 48.110.070 and 2006 c 274 s 8 are each amended to
23 read as follows:

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

29 (2) Service contracts insured under ((a)) one or more
30 reimbursement insurance ((policy)) policies under RCW
31 48.110.050(2)(a) and 48.110.060 shall not be issued, sold, or offered
32 for sale in this state or sold to residents of this state unless the
33 service contract conspicuously contains a statement in substantially
34 the following form: "Obligations of the service contract provider
35 under this service contract are insured under a service contract
36 reimbursement insurance policy." The service contract shall also
37 conspicuously state the name and address of ((the)) each issuer of
38 the reimbursement insurance policy or policies and state that the

1 service contract holder is entitled to apply directly to the
2 reimbursement insurance company.

3 (3) Service contracts not insured under ((a)) one or more
4 reimbursement insurance ((policy)) policies under RCW
5 48.110.050(2)(a) and 48.110.060 shall contain a statement in
6 substantially the following form: "Obligations of the service
7 contract provider under this contract are backed by the full faith
8 and credit of the service contract provider."

9 (4) Service contracts shall state the name and address of the
10 service contract provider and shall identify any administrator if
11 different from the service contract provider, the service contract
12 seller, and the service contract holder to the extent that the name
13 of the service contract holder has been furnished by the service
14 contract holder. The identities of such parties are not required to
15 be preprinted on the service contract and may be added to the service
16 contract at the time of sale.

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

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

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

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

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

34 (10) Service contracts shall state the terms, restrictions, or
35 conditions governing cancellation of the service contract prior to
36 the termination or expiration date of the service contract by either
37 the service contract provider or by the service contract holder,
38 which rights can be no more restrictive than provided in RCW
39 48.110.050(3). The service contract provider of the service contract
40 shall mail a written notice to the service contract holder at the

1 last known address of the service contract holder contained in the
2 records of the service contract provider at least twenty-one days
3 prior to cancellation by the service contract provider. The notice
4 shall state the effective date of the cancellation and the true and
5 actual reason for the cancellation.

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

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

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

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

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

23 **Sec. 5.** RCW 48.110.073 and 2006 c 274 s 20 are each amended to
24 read as follows:

25 (1) If the service contract provider or protection product
26 guarantee provider is using (~~(the)~~) one or more reimbursement
27 insurance (~~(policy)~~) policies to satisfy the requirements of RCW
28 48.110.050(2)(a), 48.110.055(2)(b), or 48.110.075(2)(a), then (~~(the)~~)
29 each reimbursement insurance policy shall be filed with and approved
30 by the commissioner in accordance with and pursuant to the
31 requirements of chapter 48.18 RCW.

32 (2) All service contracts forms covering motor vehicles must be
33 filed with and approved by the commissioner prior to the service
34 contract forms being used, issued, delivered, sold, or marketed in
35 this state or to residents of this state.

36 (3) All service contracts forms covering motor vehicles being
37 used, issued, delivered, sold, or marketed in this state or to
38 residents of this state by motor vehicle manufacturers or import
39 distributors or wholly owned subsidiaries thereof must be filed with

1 the commissioner for approval within sixty days after the motor
2 vehicle manufacturer or import distributor or wholly owned subsidiary
3 thereof begins using the service contracts forms.

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

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

9 (b) The form contains or incorporates by reference any
10 inconsistent, ambiguous, or misleading clauses, or exceptions and
11 conditions;

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

14 (d) The purchase of the contract is being solicited by deceptive
15 advertising.

16 **Sec. 6.** RCW 48.110.075 and 2006 c 274 s 18 are each amended to
17 read as follows:

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

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

21 (a) The service contract provider has either demonstrated its
22 financial responsibility or assured the faithful performance of the
23 service contract provider's obligations to its service contract
24 holders by insuring all service contracts under ((a)) one or more
25 reimbursement insurance ((policy)) policies issued by ((an insurer))
26 one or more insurers holding a certificate of authority from the
27 commissioner or a risk retention group, as defined in 15 U.S.C. Sec.
28 3901(a)(4), as long as that risk retention group is in full
29 compliance with the federal liability risk retention act of 1986 (15
30 U.S.C. Sec. 3901 et seq.), is in good standing in its domiciliary
31 jurisdiction, and properly registered with the commissioner under
32 chapter 48.92 RCW. The insurance required by this subsection must
33 meet the following requirements:

34 (i) The insurer or risk retention group must, at the time the
35 policy ((is)) or policies are filed with the commissioner, and
36 continuously thereafter, maintain surplus as to policyholders and
37 paid-in capital of at least fifteen million dollars and annually file
38 audited financial statements with the commissioner; and

1 (ii) The commissioner may authorize an insurer or risk retention
2 group that has surplus as to policyholders and paid-in capital of
3 less than fifteen million dollars, but at least equal to ten million
4 dollars, to issue the insurance required by this subsection if the
5 insurer or risk retention group demonstrates to the satisfaction of
6 the commissioner that the company maintains a ratio of direct written
7 premiums, wherever written, to surplus as to policyholders and paid-
8 in capital of not more than three to one;

9 (b) The service contract conspicuously states that the
10 obligations of the provider to the service contract holder are
11 guaranteed under the reimbursement insurance policy or policies, the
12 name and address of the issuer or insurers of the reimbursement
13 insurance policy or policies, the applicable policy (~~number~~)
14 numbers, and the means by which a service contract holder may file a
15 claim under the policy or policies;

16 (c) The service contract conspicuously and unambiguously states
17 the name and address of the service contract provider and identifies
18 any administrator if different from the service contract provider,
19 the service contract seller, and the service contract holder. The
20 identity of the service contract seller and the service contract
21 holder are not required to be preprinted on the service contract and
22 may be added to the service contract at the time of sale;

23 (d) The service contract states the purchase price of the service
24 contract and the terms under which the service contract is sold. The
25 purchase price is not required to be preprinted on the service
26 contract and may be negotiated at the time of sale;

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

29 (i) Any material conditions that the service contract holder must
30 meet to maintain coverage under the contract including, but not
31 limited to, any maintenance schedule to which the service contract
32 holder must adhere, any requirement placed on the service contract
33 holder for documenting repair or maintenance work, any duty to
34 protect against any further damage, and any procedure to which the
35 service contract holder must adhere for filing claims;

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

37 (iii) Any time or mileage limitations;

38 (iv) That the implied warranty of merchantability on the motor
39 vehicle is not waived if the contract has been purchased within
40 ninety days of the purchase date of the motor vehicle from a provider

1 or service contract seller who also sold the motor vehicle covered by
2 the contract;

3 (v) Any exclusions of coverage; and

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

7 (f) The service contract states 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 for obtaining twenty-four-hour telephone assistance;

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

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

17 (i) The service contract states whether or not the service
18 contract provides for or excludes consequential damages or
19 preexisting conditions.

20 (3) Service contracts shall not contain a provision which
21 requires that any civil action brought in connection with the service
22 contract must be brought in the courts of a jurisdiction other than
23 this state. Service contracts that authorize binding arbitration to
24 resolve claims or disputes must allow for arbitration proceedings to
25 be held at a location in closest proximity to the service contract
26 holder's permanent residence.

27 (4)(a) At a minimum, every provider shall permit the service
28 contract holder to return the contract within thirty days of its
29 purchase if no claim has been made under the contract, and shall
30 refund to the holder the full purchase price of the contract unless
31 the service contract holder returns the contract ten or more days
32 after its purchase, in which case the provider may charge a
33 cancellation fee not exceeding twenty-five dollars.

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

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

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

7 (e) If a service contract holder returns the contract in
8 accordance with this section, the insurer or insurers issuing the
9 reimbursement insurance policy or policies covering the contract
10 shall refund to the provider the full premium by the provider for the
11 contract if canceled within thirty days or a pro rata refund if
12 canceled after thirty days.

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

17 (6) A contract provider has only sixty days from the date of the
18 sale of the service contract to the holder to determine whether or
19 not the vehicle qualifies under the provider's program for that
20 vehicle. After sixty days the vehicle qualifies for the service
21 contract that was issued and the service contract provider may not
22 cancel the contract and is fully obligated under the terms of the
23 contract sold to the service contract holder.

24 **Sec. 7.** RCW 48.110.110 and 2006 c 274 s 12 are each amended to
25 read as follows:

26 (1) Service contract providers or protection product guarantee
27 providers are considered to be the agent of (~~the~~) each insurer
28 which issued the reimbursement insurance policy or policies for
29 purposes of obligating the insurer to service contract holders or
30 protection product guarantee holders in accordance with the service
31 contract or protection product guarantee holders and this chapter.
32 Payment of the provider fee by the consumer to the service contract
33 seller, service contract provider, or administrator or payment of
34 consideration for the protection product to the protection product
35 seller constitutes payment by the consumer to the service contract
36 provider or protection product guarantee provider and to (~~the~~) each
37 insurer which issued the reimbursement insurance policy or policies.
38 In cases where a service contract provider or protection product
39 guarantee provider is acting as an administrator and enlists other

1 service contract providers or protection product guarantee providers,
2 the service contract provider or protection product guarantee
3 provider acting as the administrator shall notify (~~the~~) each
4 insurer of the existence and identities of the other service contract
5 providers or protection product guarantee providers.

6 (2) This chapter does not prevent or limit the right of an
7 insurer which issued a reimbursement insurance policy to seek
8 indemnification or subrogation against a service contract provider or
9 protection product guarantee provider if the issuer pays or is
10 obligated to pay the service contract holder or protection product
11 guarantee holder sums that the service contract provider or
12 protection product guarantee provider was obligated to pay under the
13 provisions of the service contract or protection product guarantee.

14 **Sec. 8.** RCW 48.110.140 and 2006 c 274 s 15 are each amended to
15 read as follows:

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

--- END ---