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March 23, 2020

Washington Office of the Insurance Commissioner
Attention: Mr. Bode Makinde
P.O. Box 40260
Olympia, Washington 98504
rulescoordinator@oic.wa.gov

RE: Proposed Rulemaking February 10, 2020
Chapter 284-110 WAC

Mr. Makinde,

Assurant thanks the Washington Office of the Insurance Commissioner (“WOIC”) for this opportunity to comment on the proposed rulemaking impacting service contract providers and protection product guarantee providers. Assurant affiliates are licensed in Washington to provide vehicle and consumer goods service contracts as well as protection product guarantees. Therefore, we have an interest in this Rulemaking. Please accept the following comments.

We appreciate that the WOIC has taken into consideration several comments provided in response to prior Rulemaking. However, we believe that there are still points of clarification needed to minimize confusion.

The proposed definition of Statutory Accounting principles (“SAP”) WAC 284-110-010 (2), goes far beyond being a definition and purports to create an obligation for service contract providers in conflict with the Washington statute RCW 48.110.078. The statute requires a service contract provider to use generally accepted accounting principles (“GAAP”) as set forth by the financial accounting standard board. The statute gives the service contract provider the option to elect SAP, but the proposed definition can be read to require the use of only SAP. We do not believe that proposed definition is needed and if adopted, would conflict with the current Washington statute that allows for either accounting principle to be used.

Further, in the proposed definition of SAP WAC 284-110-010 (2), the last sentence of that section also appears to conflict with the second sentence. Since this section conflicts with the Statute and goes far beyond a defining term we would recommend its deletion. Alternately, the WOIC could refer providers to the definition of SAP as set forth in the statute RCW 48.110.

WAC 284-110-020 requires the service contract provider to “include all the financial statements, notes and information that accurately present the financial position of the provider at the report date.” If the financial statements are not audited there may not be the additional notes and additional information. We would respectfully request the addition of “if any” to recognize that the added information will not be required where not prepared in the regular course of the service contract providers business.

Section WAC 284-110-040 (3) does not appear to list a material change. If a service contract provider desires to add products to its suite of obligations, it can do so within the current definition for a provider registered to offer service contracts as defined. There is no statutory authority for the requirement to file a form with the WOIC to add products contained within the definition of service contract. When the definition of Protection Product Guarantee Provider was added, RCW 48.110.055 specified the requirement for a new registration in order for a person to offer the Protection Product Guarantee. Specific guidance was clear in the statute to require a new registration. However, in 2016 when Senate Bill 6309 amended the definition of service contract to add additional products, no such registration was specified in the legislation. A service contract provider registered to offer service contracts as defined in RCW 48.110.020 (18) is not limited to offering only products listed in RCW 48.110.020 (18) (a) or (b) under the registration required in RCW 48.110.030.

Thank you for this opportunity to provide comment to the proposed rule.

Regards,

Elizabeth Kastigar

Elizabeth Kastigar
Lead Counsel