

than one year;  
 is entitled to regular or special license plates issued by the department of licensing. The special license plates shall bear distinguishing marks, letters, or numerals indicating that the motor vehicle is owned by a disabled veteran or former prisoner of war. This license shall be issued annually for one personal use vehicle without payment of any license fees or excise tax thereon. Whenever any person who has been issued license plates under the provisions of this section applies to the department for transfer of the plates to a subsequently acquired motor vehicle, a transfer fee of five dollars shall be charged in addition to all other appropriate fees. The department may periodically verify the one hundred percent rate as provided in subsection (4) of this section.

Any person who has been issued free motor vehicle license plates under this section prior to July 1, 1983, shall continue to be eligible for the annual free license plates.

For the purposes of this section, "blind" means the definition of "blind" used by the state of Washington in determining eligibility for financial assistance to the blind under Title 74 RCW.

Any unauthorized use of a special plate is a gross misdemeanor.

Passed the Senate April 9, 1987.

Passed the House April 7, 1987.

Approved by the Governor April 20, 1987.

Filed in Office of Secretary of State April 20, 1987.

## CHAPTER 99

[Substitute Senate Bill No. 5779]

### MOTOR VEHICLE MECHANICAL BREAKDOWN INSURANCE

AN ACT Relating to vehicle mechanical breakdown insurers; adding a new chapter to Title 48 RCW; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

**NEW SECTION.** Sec. 1. (1) "Motor vehicle service contract" or "service contract" means a contract or agreement given for consideration over and above the lease or purchase price of a motor vehicle that undertakes to perform or provide repair or replacement service, or indemnification for that service, for the operational or structural failure of a motor vehicle due to a defect in materials or skill of work or normal wear and tear, but does not include mechanical breakdown insurance.

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

(3) "Mechanical breakdown insurance" means a policy, contract, or agreement that undertakes to perform or provide repair or replacement

service, or indemnification for that service, for the operational or structural failure of a motor vehicle due to a defect in materials or skill of work or normal wear and tear, and that is issued by an insurance company authorized to do business in this state.

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

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

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

NEW SECTION. Sec. 2. A motor vehicle service contract shall not be issued, sold, or offered for sale in this state unless the provider of the service contract is insured under a motor vehicle service contract reimbursement insurance policy issued by an insurer authorized to do business in this state.

NEW SECTION. Sec. 3. A motor vehicle service contract reimbursement insurance policy shall not be issued, sold, or offered for sale in this state unless the reimbursement insurance policy conspicuously states that the issuer of the policy shall pay on behalf of the provider all sums which the provider is legally obligated to pay for failure to perform according to the provider's contractual obligations under the motor vehicle service contracts issued or sold by the provider.

NEW SECTION. Sec. 4. A motor vehicle service contract shall not be issued, sold, or offered for sale in this state unless the contract conspicuously states that the obligations of the provider to the service contract holder are guaranteed under the service contract reimbursement policy, and unless the contract conspicuously states the name and address of the issuer of the reimbursement policy, the applicable policy number, and the means by which a service contract holder may file a claim under the policy.

NEW SECTION. Sec. 5. This chapter does not apply to motor vehicle service contracts issued by a motor vehicle manufacturer or importer.

NEW SECTION. Sec. 6. Failure to comply with the provisions of this act is an unfair method of competition and an unfair or deceptive act or practice in the conduct of a trade or commerce, as specifically contemplated by RCW 19.86.020, and is a violation of the Consumer Protection Act, chapter 19.86 RCW. Any service contract holder injured as a result of a violation of a provision of this chapter shall be entitled to maintain an action pursuant to chapter 19.86 RCW against the motor vehicle service contract provider and the insurer issuing the applicable motor vehicle service contract reimbursement policy and shall be entitled to all of the rights and

remedies afforded by that chapter. Any successful claimant under this section shall also be entitled to reasonable attorneys' fees.

NEW SECTION. Sec. 7. This act shall apply to all motor vehicle service contracts issued, sold, or offered for sale on or after January 1, 1988.

NEW SECTION. Sec. 8. Sections 1 through 7 of this act shall constitute a new chapter in Title 48 RCW.

Passed the Senate April 9, 1987.

Passed the House April 7, 1987.

Approved by the Governor April 20, 1987.

Filed in Office of Secretary of State April 20, 1987.

CHAPTER 100

[Substitute Senate Bill No. 5155]

SCHOOL DISTRICTS—TRANSFER OF TERRITORY AND THE ADJUSTMENT OF EXCESS TAX LEVIES

AN ACT Relating to the transfer of territory from a school district; amending RCW 28A.57.050 and 28A.57.060; and adding a new section to chapter 84.09 RCW.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section 2, chapter 15, Laws of 1975-'76 2nd ex. sess. as last amended by section 9, chapter 385, Laws of 1985 and RCW 28A.57.050 are each amended to read as follows:

The powers and duties of each regional committee shall be:

(1) To initiate, on its own motion and whenever it deems such action advisable, proposals or alternate proposals for changes in the organization and extent of school districts in the educational service district; to receive, consider, and revise, whenever in its judgment revision is advisable, proposals initiated by petition or presented to the committee by the educational service district superintendent as provided for in this chapter; to prepare and submit to the state board any of the aforesaid proposals that are found by the regional committee to provide for satisfactory improvement in the school district system of the educational service district and state; to prepare and submit with the aforesaid proposals, a map showing the boundaries of existing school districts affected by any proposed change and the boundaries, including a description thereof, of each proposed new school district or of each existing school district as enlarged or diminished by any proposed change, or both, and a summary of the reasons for the proposed change; and such other reports, records, and materials as the state board may request. The committee may utilize as a basis of its proposals and changes that comprehensive plan for changes in the organization and extent of the school districts of the county prepared and submitted to the state board prior to September 1, 1956, or, if the then county committee found, after considering the factors listed in RCW 28A.57.055, that no changes in the