

**SENATE BILL REPORT**

**SB 6012**

**AS OF JANUARY 20, 1992**

**Brief Description:** Protecting the customers of escrow agents.

**SPONSORS:** Senator Conner

**SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE**

**Staff:** Benson Porter (786-7470)

**Hearing Dates:** January 21, 1992

**BACKGROUND:**

When an escrow agent applies for a license with the state of Washington, the prospective agent must provide satisfactory evidence of financial responsibility. As such, the agent must provide proof of a fidelity bond providing coverage in the aggregate amount of \$200,000. In addition, the agent must show proof of either an errors and omissions policy in the aggregate amount of \$50,000, or \$50,000 worth of cash or securities deposited in an approved depository.

The fidelity bond coverage specifically provides coverage for any fraudulent or dishonest acts committed by an employee or officer of the escrow agent. As such, the bond does not provide coverage for liability to anyone other than the escrow agent. Some interest has been expressed in extending financial protection to customers of escrow agents.

**SUMMARY:**

The coverage of fidelity bonds obtained by escrow agents is modified.

In addition to providing coverage for the benefit of the escrow agent, the fidelity bond provides coverage to the escrow agent's customers.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested