

**SENATE RESOLUTION
1992-8723**

By Senators Conner and von Reichbauer

WHEREAS, Current law requires escrow agents registered in Washington to provide satisfactory proof of financial responsibility, including proof of a fidelity bond and an errors and omissions policy or security deposit; and

WHEREAS, Fidelity bond coverage only provides coverage to an escrow agent for the fraudulent or dishonest acts committed by an employee or officer of the escrow agent; and

WHEREAS, Pursuant to statutory authority, the Department of Licensing has waived the fidelity bond requirement because of the inability of escrow agents to locate this coverage in the marketplace; and

WHEREAS, The waiver of the fidelity bond and the bond's failure to provide protection against customer losses have raised concerns about the adequacy of the financial responsibility requirements for escrow agents;

NOW, THEREFORE, BE IT RESOLVED, That the Senate standing committee on Financial Institutions and Insurance shall conduct a review of the current financial responsibility requirements for escrow agents. This review shall include:

- (1) The identification and quantification of the nature and extent of losses to Washington consumers resulting from the practices within the escrow industry,
- (2) A review of the effectiveness of current financial responsibility requirements,
- (3) A review of the availability and affordability of fidelity bonds written for the escrow industry, and
- (4) Consideration of the potential coverage, availability, and affordability of other methods of financial responsibility, including surety bonds, to provide coverage for losses to escrow customers; and

BE IT FURTHER RESOLVED, That the standing committee on Financial Institutions and Insurance shall consult with representatives from the following interests in conducting its review: The escrow industry, the fidelity bond industry, the surety bond industry, the real estate industry, the insurance commissioner's office, and escrow customers; and

BE IT FURTHER RESOLVED, That the standing committee on Financial

Institutions and Insurance shall report its findings and any recommendations for legislation to the President of the Senate by December 15, 1992.