

HOUSE BILL REPORT

HB 1870

As Reported By House Committee On:
Financial Institutions & Insurance
Appropriations

Title: An act relating to bail bond agents.

Brief Description: Licensing bail bond agents.

Sponsors: Representatives Zellinsky, Heavey and R. Meyers.

Brief History:

Reported by House Committee on:
Financial Institutions & Insurance, March 3, 1993, DPS;
Appropriations, March 5, 1993, DPS(FII).

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 16 members: Representatives Zellinsky, Chair; Scott, Vice Chair; Mielke, Ranking Minority Member; Dyer, Assistant Ranking Minority Member; Anderson; Dellwo; Dorn; Grant; R. Johnson; Kessler; Kremen; Lemmon; R. Meyers; Reams; Schmidt; and Tate.

Staff: John Conniff (786-7119).

Background: A bail bond is a form of surety insurance regulated under the Insurance Code. Bail bond agents as providers of such surety products are also subject to the insurance commissioner's authority as insurance agents or brokers. Apart from general requirements of the Insurance Code, bail bond agents are not separately licensed and regulated. No specific provision of state law governs the accounting or release of property pledged to secure a bail bond. Some bail bond agents have converted funds or property to personal use and others have failed to release pledged property in a timely manner.

Summary of Substitute Bill: A new regulatory program is established to license and oversee bail bond agents. The director of the Department of Licensing is responsible for licensing bail bond agents, developing examinations for licensees, and developing prelicensing education requirements. The department is also granted rule making authority and enforcement authority.

The director may suspend or revoke a license, assess a

monetary penalty, restrict or limit the agent's practice, and take other corrective action against agents who violate any of the enumerated requirements for holding a license. Among the prohibited practices by bail bond agents are failure to maintain records, failure to place money and other similar security in a trust account, and failure to release pledged property within 30 days after the owner is entitled to possession.

Substitute Bill Compared to Original Bill: Provisions creating a self-regulatory commission for bail bond agents to work in conjunction with the Department of Licensing are replaced with exclusive authority granted to the Department of Licensing to license and regulate bail bond agents.

Fiscal Note: Requested February 24, 1993.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: Licensing and regulating bail bond agents will prevent some of the abuses within the industry and will create remedies for consumers harmed by fraudulent behavior of bail bond agents.

Testimony Against: None.

Witnesses: Gordon Walgren, Washington State Bail Agents Association (pro); Pat Sainsbury, King County Prosecuting Attorney (pro); and Melodie Bankers.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill by Committee on Financial Institutions & Insurance be substituted therefor and the substitute bill do pass. Signed by 26 members: Representatives Locke, Chair; Valle, Vice Chair; Silver, Ranking Minority Member; Carlson, Assistant Ranking Minority Member; Appelwick; Ballasiotes; Basich; Cooke; Dellwo; Dorn; Dunshee; G. Fisher; Jacobsen; Lemmon; Leonard; Linville; Morton; Peery; Rust; Sehlin; Sheahan; Stevens; Talcott; Wang; Wineberry; and Wolfe.

Staff: Beth Redfield (786-7130).

Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Financial Institutions & Insurance: No new changes were recommended.

Fiscal Note: Requested February 24, 1993.

Effective Date: Ninety days after adjournment of session in

which bill is passed.

Testimony For: It's not often that an industry comes in and asks to be regulated. Around 70 percent of bail bond agents are in support of the bill. Regulation is needed because the industry has experienced some difficulties when some bail agents have failed to return collateral put up for security.

Testimony Against: None.

Witnesses: Gordon Walgren, Washington State Bail Agents Association (supports).