

# HOUSE BILL REPORT

## HB 2569

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As Reported By House Committee On:  
Financial Institutions & Insurance

**Title:** An act relating to title insurance policies.

**Brief Description:** Disclosing information about owner's title insurance policies.

**Sponsors:** Representatives Dyer, Zellinsky, Brumsickle and B. Thomas.

**Brief History:**

Reported by House Committee on:  
Financial Institutions & Insurance, January 27, 1994, DP.

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### HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Majority Report:** Do pass. Signed by 13 members:  
Representatives Zellinsky, Chair; Scott, Vice Chair; Mielke, Ranking Minority Member; Dyer, Assistant Ranking Minority Member; Dellwo; Dorn; Grant; Kessler; Kremen; R. Meyers; Schmidt; Tate; and L. Thomas.

**Minority Report:** Do not pass. Signed by 2 members:  
Representatives Anderson and R. Johnson.

**Staff:** Charlie Gavigan (786-7340).

**Background:** Title insurers are regulated by the Insurance Commissioner. Generally, when a lender enters into a mortgage on residential real property, the lender requires the borrower to purchase title insurance to protect the lender's interest (the loan) against loss from a defective title.

**Summary of Bill:** Every lender that accepts an application for a loan secured by real property must disclose in writing, in conjunction with other required disclosures, that an owner's title insurance policy is available to protect the owner from loss from a defective title. The lender must assist the borrower in obtaining information requested by the borrower regarding an owner's title insurance policy.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect July 1, 1994.

**Testimony For:** This bill is necessary to provide better disclosure to borrowers that an owner's title policy is available to protect the owner's interest in the title for only a small additional charge. Current disclosures are not adequate.

**Testimony Against:** This information already is disclosed to the borrower. This bill would only increase lender's paperwork.

**Witnesses:** Representative Phil Dyer, prime sponsor (supports); Scott Gaspard, Washington Savings League (opposes); and Larry C. Shannon, Washington Mortgage Lenders Association (opposes).