

SENATE BILL REPORT

SB 5797

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, MARCH 2, 1993

Brief Description: Regulating bail bond insurance.

SPONSORS: Senator Moore

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: That Substitute Senate Bill No. 5797 be substituted therefor, and the substitute bill do pass.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Amondson, Cantu, Fraser, Newhouse, Pelz, Prince, Sutherland, Vognild, and Wojahn.

Staff: Traci Ratzliff (786-7452)

Hearing Dates: February 26, 1993; March 2, 1993

BACKGROUND:

Under current law, insurance agents or brokers that write bail bond insurance and receive property as security for bail bond insurance are not required to keep records of the receipt, safekeeping and disposition of the property.

SUMMARY:

Insurance agents and brokers who receive property as security for bail bond insurance are required to keep records on the receipt, safekeeping and disposition of this property. These records must conform to the recordkeeping requirements imposed on insurance agents and brokers under current law.

In addition, the agent or broker must maintain a trust account in a federally insured financial institution and shall deposit into the trust account all moneys received as security for bail bond insurance. When an agent or broker receives property required to be deposited in the trust account, a receipt must be given the person delivering the property. An agent or broker may not commingle any other moneys with the funds maintained in the trust account.

Each agent and broker required to maintain a trust account must provide an annual report to the Insurance Commissioner that includes the account number, the balance of the trust account, and the name and address of the institution that holds the trust account.

EFFECT OF PROPOSED SUBSTITUTE:

All individuals issuing any kind of bail bond are required to keep records of the receipt, safekeeping and disposition of security received for bail bonds. Such individuals are also required to maintain a trust account in a federally insured financial institution for the deposit of all moneys received as security for bail bonds.

Failure to fulfill the fiduciary duties and other duties outlined in the bill is considered an unfair or deceptive business practice for the purposes of applying the provisions of the Consumer Protection Act.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR:

This bill is needed to provide greater protection to the public who utilizes bail bond services.

TESTIMONY AGAINST: None

TESTIFIED (original bill): Melody Bankers, Insurance Commissioner's office (pro); Pat Sainsbury, King County Prosecutor's office (pro); Paula Selis, Assistant Attorney General (pro)