

# FINAL BILL REPORT

## HB 1452

---

C 14 L 97

Synopsis as Enacted

**Brief Description:** Providing definitions concerning title insurers.

**Sponsors:** Representatives L. Thomas, Wolfe, Zellinsky, Alexander and Keiser.

**House Committee on Financial Institutions & Insurance**

**Senate Committee on Financial Institutions, Insurance & Housing**

**Background:** Title insurance provides protection against financial loss resulting from a defect in an insured title. Under title insurance policies, the title insurance company agrees to indemnify the insured for any financial loss suffered as a result of the transfer of a defective title, subject to exceptions listed in the title insurance policy.

To transact title insurance in Washington, a title insurance company must: (1) be a stock corporation; (2) maintain a complete set of tract indexes for the county in which its principal Washington office is located; and (3) keep on deposit with the Office of the Insurance Commissioner a guaranty fund in an amount established in statute based on the population of the county or counties in which the company does business.

The deposit and other requirements for title insurance companies do not apply to companies that prepare, issue, or certify abstracts of title, provided the companies do not insure the titles.

**Summary:** The differences between an abstract of title, a title policy, and a preliminary title report, commitment, or binder are clarified. An abstract of title is a written representation listing all recorded conveyances, instruments, or documents which, by law, impart constructive notice with respect to the chain of title to real property. An abstract of insurance is not a title policy; a title policy is an agreement to provide title insurance. A preliminary report, commitment, or binder is an offer to issue a title policy.

**Votes on Final Passage:**

House 97 0

Senate 44 0

**Effective:** July 27, 1997