

HOUSE BILL REPORT

HB 1452

As Passed Legislature

Title: An act relating to title insurers.

Brief Description: Providing definitions concerning title insurers.

Sponsors: By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives L. Thomas, Wolfe, Zellinsky, Alexander and Keiser).

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/6/97, 2/10/97 [DP].

Floor Activity:

Passed House: 3/12/97, 97-0.

Passed Legislature.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass. Signed by 11 members: Representatives L. Thomas, Chairman; Smith, Vice Chairman; Zellinsky, Vice Chairman; Wolfe, Ranking Minority Member; Grant, Assistant Ranking Minority Member; Benson; Constantine; DeBolt; Keiser; Sullivan and Wensman.

Staff: Charlie Gavigan (786-7340).

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.

In order to transact title insurance in Washington State, 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 of Bill: Clarification is made between an abstract of title, a title policy, and a preliminary title report, commitment, or binder. 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. A title policy is an agreement to provide title insurance; an abstract of insurance is not a title policy. A preliminary report, commitment, or binder is an offer to issue a title policy.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This bill clarifies differences between an abstract of title and title insurance.

Testimony Against: None.

Testified: Curt Johnson, Washington Land Title Association (supports); and Tom Peterson (supports).