

1 **SSB 5310 - H COMM AMD ADOPTED 4/14/03**
2 By Committee on Financial Institutions & Insurance

3 Srike everything after the enacting clause and insert the
4 following:

5 "NEW SECTION. **Sec. 1.** A new section is added to chapter 48.29
6 RCW to read as follows:

7 (1) At the time of filing an application for a title insurance
8 agent license, or any renewal or reinstatement of a title insurance
9 agent license, the applicant shall provide satisfactory evidence to
10 the commissioner of having obtained the following as evidence of
11 financial responsibility:

12 (a) A fidelity bond or fidelity insurance providing coverage in
13 the aggregate amount of two hundred thousand dollars with a
14 deductible no greater than ten thousand dollars covering the
15 applicant and each corporate officer, partner, escrow officer, and
16 employee of the applicant conducting the business of an escrow
17 agent as defined in RCW 18.44.011 and exempt from licensing under
18 RCW 18.44.021(6); and

19 (b) A surety bond in the amount of ten thousand dollars
20 executed by the applicant as obligor and by a surety company
21 authorized to do a surety business in this state as surety, or some
22 other security approved by the commissioner, unless the fidelity
23 bond or fidelity insurance obtained by the licensee to satisfy the
24 requirement in (a) of this subsection does not have a deductible.
25 The bond shall run to the state of Washington as obligee, and shall
26 run to the benefit of the state and any person or persons who
27 suffer loss by reason of the applicant's or its employee's
28 violation of this chapter. The bond shall be conditioned that the
29 obligor as licensee will faithfully conform to and abide by this
30 chapter and all rules adopted under this chapter, and shall

1 reimburse all persons who suffer loss by reason of a violation of
2 this chapter or rules adopted under this chapter. The bond shall
3 be continuous and may be canceled by the surety upon the surety
4 giving written notice to the commissioner of its intent to cancel
5 the bond. The cancellation shall be effective thirty days after
6 the notice is received by the commissioner. Whether or not the
7 bond is renewed, continued, reinstated, reissued, or otherwise
8 extended, replaced, or modified, including increases or decreases
9 in the penal sum, it shall be considered one continuous obligation,
10 and the surety upon the bond shall not be liable in an aggregate
11 amount exceeding the penal sum set forth on the face of the bond.
12 In no event shall the penal sum, or any portion thereof, at two or
13 more points in time be added together in determining the surety's
14 liability. The bond is not liable for any penalties imposed on the
15 licensee, including but not limited to, any increased damages or
16 attorneys' fees, or both, awarded under RCW 19.86.090.

17 (2) For the purposes of this section, a "fidelity bond" means
18 a primary commercial blanket bond or its equivalent satisfactory to
19 the commissioner and written by an insurer authorized to transact
20 this line of business in the state of Washington. The bond shall
21 provide fidelity coverage for any fraudulent or dishonest acts
22 committed by any one or more of the employees, officers, or owners
23 as defined in the bond, acting alone or in collusion with others.
24 The bond shall be for the sole benefit of the title insurance agent
25 and under no circumstances whatsoever shall the bonding company be
26 liable under the bond to any other party. The bond shall name the
27 title insurance agent as obligee and shall protect the obligee
28 against the loss of money or other real or personal property
29 belonging to the obligee, or in which the obligee has a pecuniary
30 interest, or for which the obligee is legally liable or held by the
31 obligee in any capacity, whether the obligee is legally liable
32 therefor or not. The bond may be canceled by the insurer upon
33 delivery of thirty days' written notice to the commissioner and to
34 the title insurance agent.

35 (3) For the purposes of this section, "fidelity insurance"
36 means employee dishonesty insurance or its equivalent satisfactory
37 to the commissioner and written by an insurer authorized to
38 transact this line of business in the state of Washington. The
39 insurance shall provide coverage for any fraudulent or dishonest

1 acts committed by any one or more of the employees, officers, or
2 owners as defined in the policy of insurance, acting alone or in
3 collusion with others. The insurance shall be for the sole benefit
4 of the title insurance agent and under no circumstances whatsoever
5 shall the insurance company be liable under the insurance to any
6 other party. The insurance shall name the title insurance agent as
7 the named insured and shall protect the named insured against the
8 loss of money or other real or personal property belonging to the
9 named insured, or in which the named insured has a pecuniary
10 interest, or for which the named insured is legally liable or held
11 by the named insured in any capacity, whether the named insured is
12 legally liable therefore or not. The insurance coverage may be
13 canceled by the insurer upon delivery of thirty days' written
14 notice to the commissioner and to the title insurance agent.

15 (4) The fidelity bond or fidelity insurance, and the surety
16 bond or other form of security approved by the commissioner, shall
17 be kept in full force and effect as a condition precedent to the
18 title insurance agent's authority to transact business in this
19 state, and the title insurance agent shall supply the commissioner
20 with satisfactory evidence thereof upon request."

EFFECT: (1) Allows a title insurance agent to obtain fidelity insurance in lieu of a fidelity bond. (2) Allows some other form of security approved the the insurance commissioner in lieu of a surety bond.