

SENATE BILL REPORT

SB 5940

As Reported By Senate Committee On:
Financial Services, Insurance & Housing, February 27, 2003

Title: An act relating to conducting the business of an escrow agent.

Brief Description: Conducting the business of an escrow agent.

Sponsors: Senators Benton, Prentice and Keiser.

Brief History:

Committee Activity: Financial Services, Insurance & Housing: 2/27/03 [DP].

SENATE COMMITTEE ON FINANCIAL SERVICES, INSURANCE & HOUSING

Majority Report: Do pass.

Signed by Senators Benton, Chair; Winsley, Vice Chair; Keiser and Prentice.

Staff: Elizabeth Mitchell (786-7430)

Background: The Department of Financial Institutions regulates escrow agents and officers. Title insurance agents are exempt from Department of Financial Institutions escrow regulation, and are regulated by the Office of the Insurance Commissioner.

Summary of Bill: The title insurance exemption is removed from Department of Financial Institutions escrow statutes.

Required activities and prohibited practices of title insurance agents conducting escrow transactions are eliminated from Office of the Insurance Commissioner statutes.

Appropriation: None.

Fiscal Note: Requested on February 24, 2003.

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

Testimony For: It is not accurate that title insurance companies must have one corporate officer for each branch.

Testimony Against: There is an exemption under Department of Financial Institutions (DFI) regulation for title insurance companies because there is an assumption that they are acting without bond coverage. This is not necessarily true. The opponents of the bill are willing to work with the committee on this bond requirement issue, which also is part of SB 5310. There needs to be more time to examine the issue of DFI regulating title insurance companies. If this bill passed, it could be very expensive. There are more title insurance agents performing escrow work than there are escrow agents regulated by DFI. This would

mean significant costs for DFI. There are no DFI regulations for lawyers, who also perform escrow work. This would cause a crisis for some title insurance companies that have branch offices. None of the companies could occupy branch offices under DFI regulation, and branches would have to be closed. There need to be quite a few amendments to DFI statutes to make them appropriate for the regulation of title insurance agents.

Testified: Dwight Bickel, Land America (con); Bill Ronhaar, Washington Land Title Assn. (con); Gretchen Valentine (con); Stuart Hanson, WLTA (con); Marc Thomson, DFI (neutral); Dennis Daus, SeaTac Escrow (pro); Philip Dryden, Evergreen Escrow Inc. (pro).