
SENATE BILL 6456

State of Washington

58th Legislature

2004 Regular Session

By Senator Eide

Read first time 01/21/2004. Referred to Committee on Judiciary.

1 AN ACT Relating to personal liability for limited liability
2 partnerships; and amending RCW 25.05.125.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 25.05.125 and 1998 c 103 s 306 are each amended to
5 read as follows:

6 (1) Except as otherwise provided in subsections (2), (3), and (4)
7 of this section, all partners are liable jointly and severally for all
8 obligations of the partnership unless otherwise agreed by the claimant
9 or provided by law.

10 (2) A person admitted as a partner into an existing partnership is
11 not personally liable for any partnership obligation incurred before
12 the person's admission as a partner.

13 (3) Except as otherwise provided in subsection (4) of this section,
14 an obligation of a partnership incurred while the partnership is a
15 limited liability partnership, whether arising in contract, tort, or
16 otherwise, is solely the obligation of the partnership. A partner is
17 not personally liable, directly or indirectly, by way of contribution
18 or otherwise, for such an obligation solely by reason of being or so
19 acting as a partner. This subsection applies notwithstanding anything

1 inconsistent in the partnership agreement that existed, in the case of
2 a limited liability partnership in existence on June 11, 1998, and, in
3 the case of a partnership becoming a limited liability partnership
4 after June 11, 1998, immediately before the vote required to become a
5 limited liability partnership under RCW 25.05.500(1).

6 (4) If the partners of a limited liability partnership or a foreign
7 limited liability partnership are required to be licensed to provide
8 professional services as defined in RCW 18.100.030, and the partnership
9 fails to maintain for itself and for its members practicing in this
10 state a policy of professional liability insurance, bond, deposit in
11 trust, bank escrow of cash, bank certificates of deposit, United States
12 treasury obligations, bank letter of credit, insurance company bond, or
13 other evidence of financial responsibility of a kind designated by rule
14 by the state insurance commissioner and in the amount of at least one
15 million dollars (~~or such greater amount, not to exceed three million~~
16 ~~dollars, as the state insurance commissioner may establish by rule for~~
17 ~~a licensed profession or for any specialty within a profession, taking~~
18 ~~into account the nature and size of the businesses within the~~
19 ~~profession or specialty)), then the partners shall be personally liable
20 to the extent that, had such insurance, bond, deposit in trust, bank
21 escrow of cash, bank certificates of deposit, United States treasury
22 obligations, bank letter of credit, insurance company bond, or other
23 evidence of responsibility been maintained, it would have covered the
24 liability in question.~~

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