

CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 5310

58th Legislature
2003 Regular Session

Passed by the Senate April 26, 2003
YEAS 46 NAYS 1

President of the Senate

Passed by the House April 14, 2003
YEAS 92 NAYS 0

Speaker of the House of Representatives

Approved

Governor of the State of Washington

CERTIFICATE

I, Milton H. Doumit, Jr.,
Secretary of the Senate of the
State of Washington, do hereby
certify that the attached is
SUBSTITUTE SENATE BILL 5310 as
passed by the Senate and the House
of Representatives on the dates
hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 5310

AS AMENDED BY THE HOUSE

Passed Legislature - 2003 Regular Session

State of Washington 58th Legislature 2003 Regular Session

By Senate Committee on Financial Services, Insurance & Housing
(originally sponsored by Senators Morton, Hargrove and Haugen)

READ FIRST TIME 02/24/03.

1 AN ACT Relating to bond requirements for title insurance agents;
2 and adding a new section to chapter 48.29 RCW.

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

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

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

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

17 (b) A surety bond in the amount of ten thousand dollars executed by
18 the applicant as obligor and by a surety company authorized to do a
19 surety business in this state as surety, or some other security

1 approved by the commissioner, unless the fidelity bond or fidelity
2 insurance obtained by the licensee to satisfy the requirement in (a) of
3 this subsection does not have a deductible. The bond shall run to the
4 state of Washington as obligee, and shall run to the benefit of the
5 state and any person or persons who suffer loss by reason of the
6 applicant's or its employee's violation of this chapter. The bond
7 shall be conditioned that the obligor as licensee will faithfully
8 conform to and abide by this chapter and all rules adopted under this
9 chapter, and shall reimburse all persons who suffer loss by reason of
10 a violation of this chapter or rules adopted under this chapter. The
11 bond shall be continuous and may be canceled by the surety upon the
12 surety giving written notice to the commissioner of its intent to
13 cancel the bond. The cancellation shall be effective thirty days after
14 the notice is received by the commissioner. Whether or not the bond is
15 renewed, continued, reinstated, reissued, or otherwise extended,
16 replaced, or modified, including increases or decreases in the penal
17 sum, it shall be considered one continuous obligation, and the surety
18 upon the bond shall not be liable in an aggregate amount exceeding the
19 penal sum set forth on the face of the bond. In no event shall the
20 penal sum, or any portion thereof, at two or more points in time be
21 added together in determining the surety's liability. The bond is not
22 liable for any penalties imposed on the licensee, including but not
23 limited to any increased damages or attorneys' fees, or both, awarded
24 under RCW 19.86.090.

25 (2) For the purposes of this section, a "fidelity bond" means a
26 primary commercial blanket bond or its equivalent satisfactory to the
27 commissioner and written by an insurer authorized to transact this line
28 of business in the state of Washington. The bond shall provide
29 fidelity coverage for any fraudulent or dishonest acts committed by any
30 one or more of the employees, officers, or owners as defined in the
31 bond, acting alone or in collusion with others. The bond shall be for
32 the sole benefit of the title insurance agent and under no
33 circumstances whatsoever shall the bonding company be liable under the
34 bond to any other party. The bond shall name the title insurance agent
35 as obligee and shall protect the obligee against the loss of money or
36 other real or personal property belonging to the obligee, or in which
37 the obligee has a pecuniary interest, or for which the obligee is
38 legally liable or held by the obligee in any capacity, whether the

1 obligee is legally liable therefor or not. The bond may be canceled by
2 the insurer upon delivery of thirty days' written notice to the
3 commissioner and to the title insurance agent.

4 (3) For the purposes of this section, "fidelity insurance" means
5 employee dishonesty insurance or its equivalent satisfactory to the
6 commissioner and written by an insurer authorized to transact this line
7 of business in the state of Washington. The insurance shall provide
8 coverage for any fraudulent or dishonest acts committed by any one or
9 more of the employees, officers, or owners as defined in the policy of
10 insurance, acting alone or in collusion with others. The insurance
11 shall be for the sole benefit of the title insurance agent and under no
12 circumstances whatsoever shall the insurance company be liable under
13 the insurance to any other party. The insurance shall name the title
14 insurance agent as the named insured and shall protect the named
15 insured against the loss of money or other real or personal property
16 belonging to the named insured, or in which the named insured has a
17 pecuniary interest, or for which the named insured is legally liable or
18 held by the named insured in any capacity, whether the named insured is
19 legally liable therefor or not. The insurance coverage may be canceled
20 by the insurer upon delivery of thirty days' written notice to the
21 commissioner and to the title insurance agent.

22 (4) The fidelity bond or fidelity insurance, and the surety bond or
23 other form of security approved by the commissioner, shall be kept in
24 full force and effect as a condition precedent to the title insurance
25 agent's authority to transact business in this state, and the title
26 insurance agent shall supply the commissioner with satisfactory
27 evidence thereof upon request.

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