

RCW 18.160.090 Surety bond—Security deposit—Venue and time limit for actions upon bonds—Limit of liability of surety—Payment of claims.

(1) Before granting a license under this chapter, the director of fire protection shall require that the applicant file with the state director of fire protection a surety bond issued by a surety insurer who meets the requirements of chapter 48.28 RCW in a form acceptable to the director of fire protection running to the state of Washington in the penal sum of ten thousand dollars. However, the surety bond for a fire protection sprinkler system contractor whose business is restricted solely to NFPA 13-D or NFPA 13-R systems shall be in the penal sum of six thousand dollars. The bond shall be conditioned that the applicant will pay all purchasers of fire protection sprinkler systems with whom the applicant has a contract for the applicant to install, inspect, maintain, or service a fire protection sprinkler system, and who have obtained a judgment against the applicant for the breach of such a contract. The term "purchaser" means an owner of property who has entered into a contract for the installation of a fire protection sprinkler system on that property, or a contractor who contracts to install, inspect, maintain, or service such a system with an owner of property and subcontracts the work to the applicant. No other person, including, but not limited to, persons who supply labor, materials, or rental equipment to the applicant, shall have any rights against the bond.

(2) In lieu of the surety bond required by this section the applicant may file with the director of fire protection a deposit consisting of cash or other security acceptable to the director of fire protection in an amount equal to the penal sum of the required bond. The director of fire protection may adopt rules necessary for the proper administration of the security.

(3) Before granting renewal of a fire protection sprinkler system contractor's license to any applicant, the director of fire protection shall require that the applicant file with the director satisfactory evidence that the surety bond or cash deposit is in full force.

(4) Any purchaser of a fire protection sprinkler system having a claim against the licensee for the breach of a contract for the licensee to install, inspect, maintain, or service a fire protection sprinkler system may bring suit upon such bond in superior court of the county in which the work was done or of any county in which jurisdiction of the licensee may be had. Any such action must be brought not later than one year after the expiration of the licensee's license or renewal license then in effect at the time of the alleged breach of contract.

(5) The bond shall be considered one continuous obligation, and the surety upon the bond shall not be liable in aggregate or cumulative amount exceeding ten thousand dollars, or six thousand dollars if the bond was issued to a licensee whose business is restricted solely to NFPA 13-D or NFPA 13-R systems, regardless of the number of years the bond is in effect, or whether it is reinstated, renewed, reissued, or otherwise continued, and regardless of the year in which any claim accrued. The bond shall not be liable for any liability of the licensee for tortious acts, whether or not such liability is imposed by statute or common law, or is imposed by contract. The bond shall not be a substitute or supplemental to any liability or other insurance required by law or by the contract.

(6) If the surety desires to make payment without awaiting court action against it, the amount of the bond shall be reduced to the

extent of any payment made by the surety in good faith under the bond. Any payment shall be based on final judgments received by the surety.

(7) Claims against the bond shall be satisfied from the bond in the following order:

(a) Claims by a purchaser of a fire protection sprinkler system for the breach of a contract for the licensee to install, inspect, maintain, or service a fire protection sprinkler system;

(b) Any court costs, interest, and attorneys' fees the plaintiff may be entitled to recover by contract, statute, or court rule. A condition precedent to the surety being liable to any claimant is a final judgment against the licensee, unless the surety desires to make payment without awaiting court action. In the event of a dispute regarding the apportionment of the bond proceeds among claimants, the surety may bring an action for interpleader against all claimants upon the bond.

(8) Any purchaser of a fire protection sprinkler system having an unsatisfied final judgment against the licensee for the breach of a contract for the licensee to install, inspect, maintain, or service a fire protection sprinkler system may execute upon the security held by the director of fire protection by serving a certified copy of the unsatisfied final judgment by registered or certified mail upon the director within one year of the date of entry of such judgment. Upon the receipt of service of such certified copy the director shall pay or order paid from the deposit, through the registry of the court which rendered judgment, towards the amount of the unsatisfied judgment. The priority of payment by the director shall be the order of receipt by the director, but the director shall have no liability for payment in excess of the amount of the deposit. [1991 sp.s. c 6 s 1.]