
HOUSE BILL 2231

State of Washington 52nd Legislature 1991 1st Special Session

By Representatives Zellinsky, Broback, Schmidt, Dellwo, Sheldon, R. Meyers, Scott, Paris, Winsley and Kremen.

Read first time June 21, 1991. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to the surety bond required from fire protection
2 sprinkler system contractors; adding a new section to chapter 18.160
3 RCW; repealing RCW 18.160.060; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 18.160 RCW
6 to read as follows:

7 (1) Before granting a license under this chapter, the director of
8 fire protection shall require that the applicant file with the state
9 director of fire protection a surety bond issued by a surety insurer
10 who meets the requirements of chapter 48.28 RCW in a form acceptable to
11 the director of fire protection running to the state of Washington in
12 the penal sum of ten thousand dollars. However, the surety bond for a
13 fire protection sprinkler system contractor whose business is
14 restricted solely to NFPA 13-D or NFPA 13-R systems shall be in the
15 penal sum of six thousand dollars. The bond shall be conditioned that

1 the applicant will pay all purchasers of fire protection sprinkler
2 systems with whom the applicant has a contract for the applicant to
3 install, inspect, maintain, or service a fire protection sprinkler
4 system, and who have obtained a judgment against the applicant for the
5 breach of such a contract. The term "purchaser" means an owner of
6 property who has entered into a contract for the installation of a fire
7 protection sprinkler system on that property, or a contractor who
8 contracts to install, inspect, maintain, or service such a system with
9 an owner of property and subcontracts the work to the applicant. No
10 other person, including, but not limited to, persons who supply labor,
11 materials, or rental equipment to the applicant, shall have any rights
12 against the bond.

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

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

23 (4) Any purchaser of a fire protection sprinkler system having a
24 judgment against the licensee for the breach of a contract for the
25 licensee to install, inspect, maintain, or service a fire protection
26 sprinkler system may bring suit upon such bond in superior court of the
27 county in which the work was done or of any county in which
28 jurisdiction of the licensee may be had. Any such action must be
29 brought not later than one year after the expiration of the licensee's

1 license or renewal license then in effect at the time of the alleged
2 breach of contract.

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

15 (6) If the surety desires to make payment without awaiting court
16 action against it, the amount of the bond shall be reduced to the
17 extent of any payment made by the surety in good faith under the bond.
18 Any payment shall be based on final judgments received by the surety.

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

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

24 (b) Any court costs, interest, and attorneys' fees the plaintiff
25 may be entitled to recover by contract, statute, or court rule.

26 The surety shall have no liability to any claimant until such claimant
27 has obtained a final judgment against the licensee. However, a
28 judgment against the licensee is not conclusively binding on the
29 surety. In the event of a dispute regarding the apportionment of the
30 bond proceeds among claimants, the surety may bring an action for

1 interpleader against all claimants upon the bond. The surety is
2 entitled to deduct its costs of the action, including attorneys' fees,
3 from its liability under the bond.

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

17 NEW SECTION. **Sec. 2.** RCW 18.160.060 and 1990 c 177 s 7 are
18 each repealed.

19 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
20 preservation of the public peace, health, or safety, or support of the
21 state government and its existing public institutions, and shall take
22 effect immediately.