

**RCW 30B.12.140 Fidelity bonds—Liability insurance—Additional insurance—Authority of director.** (1) Except as otherwise permitted by the director under specified terms and conditions, the board of directors of a state trust company shall direct and require good and sufficient fidelity bonds and liability insurance, issued by a company authorized to engage in the insurance business in the state of Washington, covering the state trust company and all of its active directors, officers, managers, and employees. Bonds or coverage shall provide for indemnity to the state trust company on account of any losses sustained by it as the result of any dishonest, fraudulent, or criminal act or omission committed or omitted by directors, officers, managers, and employees, acting independently or in collusion or combination with any person. Such bonds or coverage may be individual, schedule, or blanket form, and premiums shall be paid by the state trust company.

(2) Except as otherwise permitted by the director under specified terms and conditions, the board of directors of a state trust company shall direct and require good and sufficient liability insurance, including errors and omissions coverage, for the negligent or reckless acts and omissions of directors, officers, fiduciary managers, and employees. Such coverage shall be paid by the state trust company.

(3) Except as otherwise permitted by the director under specified terms and conditions, the directors shall also direct and require suitable insurance protection to the state trust company, as necessary, against burglary, robbery, theft, and other similar insurance hazards to which the state trust company may be exposed in the operations of its business on the premises or elsewhere.

(4) The directors shall be responsible for prescribing at least once in each year the amount of such bonds or policies and the sureties or underwriters to be engaged, after giving due consideration to all known elements and factors constituting known risks or hazards. Such action of the directors shall be recorded in the board minutes.

(5) The director may by rule prescribe requirements for bond and insurance coverage that are more specific and derogation of the provision of subsections (1) through (4) of this section if the director determines that such a rule is necessary to conform to the market availability of certain bond and insurance coverages. [2019 c 389 s 39.]