
SUBSTITUTE SENATE BILL 5310

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 providing coverage in the aggregate amount of
12 two hundred thousand dollars, or the minimum required under RCW
13 18.44.201, whichever is greater, with a deductible no greater than ten
14 thousand dollars covering the applicant and each corporate officer,
15 partner, escrow officer, and employee of the applicant conducting the
16 business of an escrow agent as defined in RCW 18.44.011 and exempt from
17 licensing under RCW 18.44.021(6); and

18 (b) A surety bond in the amount of ten thousand dollars, or the
19 minimum required under RCW 18.44.201, whichever is greater, executed by

1 the applicant as obligor and by a surety company authorized to do a
2 surety business in this state as surety, unless the fidelity bond
3 obtained by the licensee to satisfy the requirement in (a) of this
4 subsection does not have a deductible. The bond shall run to the state
5 of Washington as obligee, and shall run to the benefit of the state and
6 any person or persons who suffer loss by reason of the applicant's or
7 its employee's violation of this chapter. The bond shall be
8 conditioned that the obligor as licensee will faithfully conform to and
9 abide by this chapter and all rules adopted under this chapter, and
10 shall reimburse all persons who suffer loss by reason of a violation of
11 this chapter or rules adopted under this chapter. The bond shall be
12 continuous and may be canceled by the surety upon the surety giving
13 written notice to the commissioner of its intent to cancel the bond.
14 The cancellation shall be effective thirty days after the notice is
15 received by the commissioner. Whether or not the bond is renewed,
16 continued, reinstated, reissued, or otherwise extended, replaced, or
17 modified, including increases or decreases in the penal sum, it shall
18 be considered one continuous obligation, and the surety upon the bond
19 shall not be liable in an aggregate amount exceeding the penal sum set
20 forth on the face of the bond. In no event shall the penal sum, or any
21 portion thereof, at two or more points in time be added together in
22 determining the surety's liability. The bond is not liable for any
23 penalties imposed on the licensee, including but not limited to, any
24 increased damages or attorneys' fees, or both, awarded under RCW
25 19.86.090.

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

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

5 (3) The fidelity bond and the surety bond shall be kept in full
6 force and effect as a condition precedent to the title insurance
7 agent's authority to transact business in this state, and the title
8 insurance agent shall supply the commissioner with satisfactory
9 evidence thereof upon request.

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