

# SENATE BILL REPORT

## ESB 5045

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As Passed Senate, February 23, 2005

**Title:** An act relating to allowing title insurance companies to provide a guarantee covering its agents.

**Brief Description:** Allowing title insurance companies to provide a guarantee covering its agents.

**Sponsors:** Senators Doumit and Morton.

**Brief History:**

**Committee Activity:** Financial Institutions, Housing & Consumer Protection: 1/19/05 [DP].  
Passed Senate: 2/23/05, 46-0.

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

**Majority Report:** Do pass.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Benson, Benton, Brandland, Delvin, Franklin, Keiser, Prentice and Spanel.

**Staff:** Joanne Conrad (786-7472)

**Background:** In 2003, legislation was enacted in response to a theft by a title insurance agent. The new law required a bond or insurance for title agents. However, it was discovered that this type of insurance coverage was unavailable, leaving the Office of the Insurance Commissioner with the dilemma of having to potentially not renew, or revoke, all title insurance agents licenses in the state. A bill in 2004 attempted to address this problem, but failed to pass.

**Summary of Bill:** Title insurance companies may provide a "guarantee" of financial responsibility, up to \$200,000, for fraudulent or dishonest acts committed by employees, officers and owners of title insurance companies.

All title insurance agents licensed on or before the effective date of this law have 30 days to comply.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Bill is needed to correct an unintended consequence of requiring bonding or insurance for title insurance personnel. Large title insurance companies may be able to

compensate for the unavailability of this type of coverage, but small companies, in rural areas find it impossible to comply.

**Testimony Against:** None

**Who Testified:** PRO: Sen Mark Doumit, prime sponsor; Stu Halson, WA Land Title Assoc.