

FINAL BILL REPORT

SSB 6451

C 115 L 92

SYNOPSIS AS ENACTED

Brief Description: Limiting surety liability.

SPONSORS: Senate Committee on Financial Institutions & Insurance (originally sponsored by Senators von Reichbauer, Vognild and Rasmussen)

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

BACKGROUND:

Surety bonds are issued by a surety to guarantee the contract performance of a principal. As such, they do not indemnify the principal for tortious acts that may be committed in the course and scope of the principal's business activity.

Regardless, there have been attempts by certain trial courts to treat surety bonds as insurance for negligent acts. It is therefore the desire of the surety industry to clarify the statutory language in the interest of eliminating frivolous legal actions.

SUMMARY:

Additional statutory notice is provided to clarify that a surety bond is not a contract for tort liability insurance.

VOTES ON FINAL PASSAGE:

Senate	44	0
House	95	0

EFFECTIVE: June 11, 1992