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**SUBSTITUTE HOUSE BILL 1290**

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**State of Washington**

**58th Legislature**

**2003 Regular Session**

**By** House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Sump and Mielke)

READ FIRST TIME 03/04/03.

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

17       (b) A surety bond in the amount of ten thousand dollars executed by  
18 the applicant as obligor and by a surety company authorized to do a  
19 surety business in this state as surety, unless the fidelity bond or

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

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

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

4 (3) For the purposes of this section, "fidelity insurance" means  
5 employee dishonesty insurance or its equivalent satisfactory to the  
6 commissioner and written by an insurer authorized to transact this line  
7 of business in the state of Washington. The insurance shall provide  
8 coverage for any fraudulent or dishonest acts committed by any one or  
9 more of the employees, officers, or owners as defined in the policy of  
10 insurance, acting alone or in collusion with others. The insurance  
11 shall be for the sole benefit of the title insurance agent and under no  
12 circumstances whatsoever shall the insurance company be liable under  
13 the insurance to any other party. The insurance shall name the title  
14 insurance agent as the named insured and shall protect the named  
15 insured against the loss of money or other real or personal property  
16 belonging to the named insured, or in which the named insured has a  
17 pecuniary interest, or for which the named insured is legally liable or  
18 held by the named insured in any capacity, whether the named insured is  
19 legally liable therefore or not. The insurance coverage may be  
20 canceled by the insurer upon delivery of thirty days' written notice to  
21 the commissioner and to the title insurance agent.

22 (4) The fidelity bond or fidelity insurance and the surety bond  
23 shall be kept in full force and effect as a condition precedent to the  
24 title insurance agent's authority to transact business in this state,  
25 and the title insurance agent shall supply the commissioner with  
26 satisfactory evidence thereof upon request.

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