
SENATE BILL 5310

State of Washington

58th Legislature

2003 Regular Session

By Senators Morton, Hargrove and Haugen

Read first time 01/22/2003. Referred to Committee on Financial Services, Insurance & Housing.

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 with a deductible no greater than ten
13 thousand dollars covering the applicant and each corporate officer,
14 partner, escrow officer, and employee of the applicant conducting the
15 business of an escrow agent as defined in RCW 18.44.011 and exempt from
16 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

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

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