

CERTIFICATION OF ENROLLMENT  
**SUBSTITUTE SENATE BILL 5310**

Chapter 202, Laws of 2003

58th Legislature  
2003 Regular Session

TITLE INSURANCE AGENTS

EFFECTIVE DATE: 7/27/03

Passed by the Senate April 26, 2003  
YEAS 46 NAYS 1

BRAD OWEN

\_\_\_\_\_  
**President of the Senate**

Passed by the House April 14, 2003  
YEAS 92 NAYS 0

FRANK CHOPP

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**Speaker of the House of Representatives**

CERTIFICATE

I, Milton H. Doumit, Jr.,  
Secretary of the Senate of the  
State of Washington, do hereby  
certify that the attached is  
**SUBSTITUTE SENATE BILL 5310** as  
passed by the Senate and the House  
of Representatives on the dates  
hereon set forth.

MILTON H. DOUMIT JR.

\_\_\_\_\_  
**Secretary**

Approved May 9, 2003.

FILED

May 9, 2003 - 4:18 p.m.

GARY LOCKE

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**Governor of the State of Washington**

**Secretary of State  
State of Washington**

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**SUBSTITUTE SENATE BILL 5310**

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AS AMENDED BY THE HOUSE

Passed Legislature - 2003 Regular Session

**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 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, or some other security

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

25 (2) For the purposes of this section, a "fidelity bond" means a  
26 primary commercial blanket bond or its equivalent satisfactory to the  
27 commissioner and written by an insurer authorized to transact this line  
28 of business in the state of Washington. The bond shall provide  
29 fidelity coverage for any fraudulent or dishonest acts committed by any  
30 one or more of the employees, officers, or owners as defined in the  
31 bond, acting alone or in collusion with others. The bond shall be for  
32 the sole benefit of the title insurance agent and under no  
33 circumstances whatsoever shall the bonding company be liable under the  
34 bond to any other party. The bond shall name the title insurance agent  
35 as obligee and shall protect the obligee against the loss of money or  
36 other real or personal property belonging to the obligee, or in which  
37 the obligee has a pecuniary interest, or for which the obligee is  
38 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 therefor or not. The insurance coverage may be canceled  
20 by the insurer upon delivery of thirty days' written notice to the  
21 commissioner and to the title insurance agent.

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

Passed by the Senate April 26, 2003.

Passed by the House April 14, 2003.

Approved by the Governor May 9, 2003.

Filed in Office of Secretary of State May 9, 2003.