

HOUSE BILL REPORT

HB 2569

As Reported By House Committee On:
Financial Institutions & Insurance

Title: An act relating to title insurance policies.

Brief Description: Disclosing information about owner's title insurance policies.

Sponsors: Representatives Dyer, Zellinsky, Brumsickle and B. Thomas.

Brief History:

Reported by House Committee on:
Financial Institutions & Insurance, January 27, 1994, DP.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass. Signed by 13 members:
Representatives Zellinsky, Chair; Scott, Vice Chair; Mielke, Ranking Minority Member; Dyer, Assistant Ranking Minority Member; Dellwo; Dorn; Grant; Kessler; Kremen; R. Meyers; Schmidt; Tate; and L. Thomas.

Minority Report: Do not pass. Signed by 2 members:
Representatives Anderson and R. Johnson.

Staff: Charlie Gavigan (786-7340).

Background: Title insurers are regulated by the Insurance Commissioner. Generally, when a lender enters into a mortgage on residential real property, the lender requires the borrower to purchase title insurance to protect the lender's interest (the loan) against loss from a defective title.

Summary of Bill: Every lender that accepts an application for a loan secured by real property must disclose in writing, in conjunction with other required disclosures, that an owner's title insurance policy is available to protect the owner from loss from a defective title. The lender must assist the borrower in obtaining information requested by the borrower regarding an owner's title insurance policy.

Fiscal Note: Not requested.

Effective Date: The bill takes effect July 1, 1994.

Testimony For: This bill is necessary to provide better disclosure to borrowers that an owner's title policy is available to protect the owner's interest in the title for only a small additional charge. Current disclosures are not adequate.

Testimony Against: This information already is disclosed to the borrower. This bill would only increase lender's paperwork.

Witnesses: Representative Phil Dyer, prime sponsor (supports); Scott Gaspard, Washington Savings League (opposes); and Larry C. Shannon, Washington Mortgage Lenders Association (opposes).