

# SPECIMEN

## WASHINGTON STATE ESCROW AGENTS ENDORSEMENT

To be attached to and form part of Bond Number: «**Policy\_**»

In favor of: «**Name**»

It is understood and agreed that the bond is amended as follows:

- A. Section 10 (Ownership) of the Conditions and Limitations of the bond is deleted in its entirety and replaced by the following:

Section 10. This bond shall apply to loss of Money or other Property (1) owned by the Insured, (2) in which the Insured has a pecuniary interest, (3) for which the Insured is legally liable or (4) which is held by the Insured in any capacity in connection with an escrow transaction, whether the Insured is legally liable therefor or not. This bond shall be for the sole use and benefit of the Insured named in the Declarations, except as set forth in Section B of this endorsement.

- B. The bond is amended by adding an additional Insuring Agreement, as follows:

### **LOSS OF CONSUMER'S MONEY OR PROPERTY**

Loss by reason of any claim made against the Insured by a Consumer for the loss of Money or other Property, which was owned by a Consumer and held by the Insured in connection with an escrow transaction, resulting directly from dishonest or fraudulent acts by any corporate officer, partner, Sole Proprietor, Designated escrow officer or employees of the Insured, whether acting alone or in collusion with others.

The Single Loss Deductible amount applicable to this Insuring Agreement is \$10,000.

For the purpose of this Insuring Agreement:

- “Consumer” means a person, in connection with an escrow transaction, for whom the Insured, as escrow agent, holds Money or other Property pursuant to written instructions, but does not mean or include a financial institution, lender or any representatives or successors thereof.
- “Claim” means a written demand for payment of money damages received by the Insured, including service of a complaint in a legal proceeding.
- “Designated escrow officer” has the meaning ascribed by statute, RCW 18.44.01, Sec. 1(4).

### **Conditions:**

The following conditions apply to this Insuring Agreement:

1. This Insuring Agreement applies to the loss of Money or other Property which occurs during the bond period and which results in a claim by a Consumer against the Insured during the bond period, or within 365 days following the expiration thereof.

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2. The first sentence in Section 3 of the bond does not apply to this Insuring Agreement.
3. This bond shall be for the sole use and benefit of the Insured named in the Declarations and under no circumstances whatsoever shall Underwriters be liable under the bond to any other party, except that
  - a. If a loss results directly from fraudulent or dishonest acts of any corporate officer, partner or Sole Proprietor of the Insured, and
  - b. If a Consumer makes a claim against the Insured within the time specified in paragraph 1 hereof,

then, subject to the terms and conditions of the bond and this endorsement, the Consumer may also pursue such claim, in his/her own name, directly under this Insuring Agreement and bring legal proceedings for the recovery of any loss hereunder.

4. The following are conditions precedent to coverage under this Insuring Agreement: (a) submission to the Underwriters of written notice of claim at the earliest practicable moment, but in no event later than ninety (90) days following the date such claim was first made against the Insured, and (b) submission to the Underwriters of proof of loss, duly sworn to, with full particulars, within six (6) months after such claim was first made against the Insured.
5. If a Consumer makes a claim under this Insuring Agreement for recovery of such loss, whether before or after the Insured has made a claim, then the Insured's right to pursue such claim shall accrue only if the Consumer fails to pursue such claim.
6. The total liability of the Underwriters for all loss or losses is limited to the Aggregate Limit of indemnity remaining available pursuant to Section 4 of the bond irrespective of the total amount of such loss or losses sustained by the Insured or any one or more Consumers. Any payment made by the Underwriters to a Consumer under this Insuring Agreement shall discharge the Underwriters' obligation to the Insured under this Bond and reduce any Aggregate Limit of Indemnity remaining available to pay any further loss under this bond.
7. In the event of multiple claims under this bond, one or more of which affect the interest of a Consumer, and which claims are alleged to or appear to exceed the Aggregate Limit of Indemnity remaining available for the payment of loss under this bond, then payment of any claim in the sole discretion of the Underwriters may be held in abeyance until the final determination of all such claims.
8. Should the loss or losses recoverable under this bond exceed the Aggregate Limit of Indemnity remaining available for the payment of such loss or losses, then the payment shall be *pro rata* up to said remaining Aggregate Limit of Indemnity to said Consumer(s) or the Insured according to their respective interest.
9. The rights granted to the Consumer under this Insuring Agreement shall not extend to the Consumer any right of action under any other Insuring Agreement.
10. Insuring Agreement A does not apply to any loss that arises directly or indirectly from a loss to which the Insuring Agreement in this endorsement applies.

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This endorsement is not a separate certificate of cover.

The effective Date of this endorsement is: «Effective\_Date».

**ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.**

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