

The Olympian

[Next Story >](#)

UPDATE - Thurston assessor Drew settles PDC charge; \$300 fine is suspended

The Politics Blog

Supreme Court agrees with state regulators: Insurers responsible for agent's illegal action

Published: August 1, 2013



Mike Kreidler

OLYMPIAN FILE PHOTO

By Brad Shannon — Olympian

The Washington Supreme Court sided with the state insurance regulators Thursday in a case involving a Kitsap County insurance agency, Land Title Co., that was a contracted agent for Chicago Title. The court said in a 6-to-2 decision that Chicago Title was liable for the illegal actions by its agent, which had given out inducements including Seattle Seahawks playoff tickets in its efforts to secure business referrals.

Insurance commissioner **Mike Kreidler**'s office says the illegal wining and dining of real estate agencies, builders and mortgage lenders was meant to steer title-insurance business to the firm.

The court's ruling, authored by Justice **Charles Wiggins**, is [here](#).

Kreidler put out [a news release](#) on the ruling, calling it was a "big win for consumers."

"Chicago Title's arguments were contrary to a century of insurance law," Kreidler said in his news release. "In order to effectively regulate insurers and protect consumers, it's important to hold insurers responsible for the actions of their agents."

His office had entered into a consent agreement with Chicago Title in 2009 in which the company agreed to pay a \$48,334 if it did not prevail in court over actions in 2006-7 by Land Title Co., based in Kitsap County.

Justice **Jim Johnson** filed a dissent (at the bottom of [this linked page](#)) and was joined by Justice **Susan Owens** in arguing that, in effect, the court majority was reaching too far to impose "vicarious" liability on a firm that had no contractual control over its agent's marketing.

"If OIC wishes to fine an entity for Land Title's noncompliance, it is free to do so. It must simply go after Land Title directly," Johnson wrote. Johnson also suggested the money spent on inducements was relatively minor compared to taxpayer costs for the case.

"We felt the problem was best addressed by taking action against the insurer," OIC spokesman Rich Roesler said.

Roesler said two other cases are pending against insurers that also offered inducements to third parties in the same way. Those cases had been on hold awaiting resolution of this case.

Rules in place at the time of the wrongdoing in the Chicago Title case forbade an insurer from giving "anything of value in excess of \$25 in a 12-month period as an inducement, payment or reward for placing or causing title insurance business to be given to the company," Kreidler's office said in [a 2006 report](#) on its investigation of industry practices. Chicago Title was among companies featured in the report,

Justice Wiggins quoted from the report's findings that the company's actions were not unusual for the industry at that time, despite laws against inducements.

"CTIC was no exception," the court ruling says. "Over a period of 18 months, CTIC co-advertised with middlemen (a cost of \$100 to \$4,300) over 150 times. CTIC bought food for hundreds of middlemen meetings and broker opens, sponsored golf tournaments (over \$3,000), hosted receptions and hospitality suites (\$13,000), and, on one occasion, purchased 26 seats (\$2,400) at a Seahawks game. These unlawful expenditures were not atypical, but rather CTIC's violations were 'somewhere in the middle of the pack when [CTIC]'s violation record is compared to other companies.' "

Kreidler's office said rules were further clarified in March 2009. It said "there are limits on advertising, donations to trade associations, meals, training, leasing workspace and gifts."

Kreidler's action against Chicago Title was initially upheld by since-retired Thurston County Judge **Paula Casey**. The Court of Appeals then sided with Chicago Title on appeal, sending the case to the high court.

[Back to Top](#)
[< Previous Story](#)

Audit faults contracting process for WA tolling problems

[Next Story >](#)



UPDATE - Thurston assessor Drew settles PDC charge; \$300 fine is suspended

- [Email Newsletters >](#)
- [Manage newsletter subscriptions](#)
- [Tablets >](#)
- [Apps and services for tablet devices](#)
- [Mobile >](#)
- [Apps and services for your mobile phone](#)
- [Social Media >](#)
- [Get updates via Facebook and Twitter](#)
- [e-Edition >](#)
- [Your daily paper delivered to your computer](#)
- [Home Delivery >](#)
- [Manage your home delivery account](#)
- [Digital Subscriptions >](#)
- [Manage your online subscriptions](#)

© 2013 www.theolympian.com and wire service sources. All Rights Reserved. <http://www.theolympian.com>