
A BILL FOR AN ACT

RELATING TO TITLE INSURANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 431:20, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§431:20- Purchaser coverage. Any policy that is
5 purchased for the purpose of indemnifying a lender financing the
6 purchase or other activity on real property shall also indemnify
7 and name as an insured the purchaser of the policy."

8 SECTION 2. Section 431:20-113, Hawaii Revised Statutes, is
9 amended by amending subsection (b) to read as follows:

10 "(b) Except as allowed by [~~regulations promulgated~~] rules
11 adopted by the commissioner, no title insurer shall knowingly
12 issue any title insurance policy [~~or~~], commitment to insure, or
13 title report without showing all outstanding, enforceable
14 recorded liens or other interests against the property for which
15 the title [~~to which~~] is to be insured. In addition to any other
16 penalty provided by law, any person who violates this subsection
17 shall be guilty of a class C felony."



1 SECTION 3. This Act does not affect rights and duties that
2 matured, penalties that were incurred, and proceedings that were
3 begun before its effective date.

4 SECTION 4. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY:

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JAN 24 2011



Report Title:

Title Insurers; Coverage; Title Report; Fraud; Penalty

Description:

Requires any policy that is purchased for the purpose of indemnifying a lender to also indemnify the purchaser of the policy. Provides that knowingly issuing a policy of title insurance or title report that excludes other interests against the property is a class C felony.

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