

Honolulu, Hawaii

March 23 , 2012

RE: S.B. No. 2760  
S.D. 1  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which  
was referred S.B. No. 2760, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ESCROW DEPOSITORIES,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Amend the net-capital and bond requirements for escrow depositories;
- (2) Adjust the fee schedule for services provided to escrow depositories by the Division of Financial Institutions of the Department of Commerce and Consumer Affairs (DCCA); and
- (3) Increase administrative fines for violations of escrow depository regulations.

DCCA supported this bill. The Hawaii Escrow Association and First American Title Company submitted comments.

After careful consideration, your Committee has amended this bill by:



- (1) Removing the authority of the Commissioner of Financial Institutions (Commissioner) to raise or lower any fee by rule or to establish new fees by rule;
- (2) Changing the net-capital or bond requirements of any corporation engaging in the escrow-depository business to \$100,000;
- (3) Eliminating the graduated bond amounts that must be maintained by escrow depositories;
- (4) Changing the amount of the fidelity bond that must be executed by a surety insurer to \$200,000;
- (5) Changing to over \$25,000 the amount of the per-occurrence deductible under the fidelity bond in paragraph (4), for which prior approval of the Commissioner is needed;
- (6) Changing to over \$100,000 the amount of the per-occurrence deductible under the errors and omissions insurance policy that must be maintained by an escrow depository, for which prior approval of the Commissioner is needed;
- (7) Changing to \$100 the fees that must be paid by every escrow depository to the Commissioner for an application for approval to:
  - (A) Establish a branch office; and
  - (B) Relocate an existing office or branch;
- (8) Specifying that the \$250 per-day fee that every escrow depository must pay to the Commissioner for a lapsed license must be paid until the renewal application is received;
- (9) Eliminating the graduated renewal fees that must be paid by every escrow depository to the Commissioner and instead establishing a fee of:
  - (A) \$2,000 for the annual renewal of an escrow depository license; and
  - (B) \$100 for the annual renewal of each branch office;



- (10) Changing the effective date to January 1, 3000, to encourage further discussion; and
- (11) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2760, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2760, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Consumer  
Protection & Commerce,

  
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ROBERT N. HERKES, Chair



