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DEPT. COMM. NO. 145

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December 29, 2016

The Honorable Ronald D. Kouchi
President and Members of the Senate
Twenty-Ninth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Joseph M. Souki
Speaker and Members of the
House of Representatives
Twenty-Ninth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

For your information and consideration, I am transmitting copies of the Department of Commerce and Consumer Affairs' report on administratively established funds and accounts, pursuant to section 37-52.5, Hawaii Revised Statutes (HRS). In accordance with section 93-16, HRS, a copy of this report has been transmitted to the Legislative Reference Bureau Library and the report may be viewed electronically at <http://cca.hawaii.gov/reports/>.

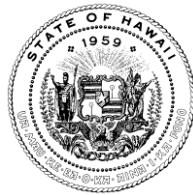
Sincerely,

CATHERINE P. AWAKUNI COLÓN
Director

Enclosure

TWENTY-NINTH LEGISLATURE
STATE OF HAWAII
REGULAR SESSION OF 2017

**Administratively Established Accounts and Funds
of the
Department of Commerce and Consumer Affairs
for Fiscal Year 2016**



Prepared by

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
STATE OF HAWAII

December 2016

**Administratively Established Accounts and Funds of the
Department of Commerce and Consumer Affairs for Fiscal Year 2016**

Section 37-52.5, Hawaii Revised Statutes (“HRS”), requires expending departments or agencies to submit a report to the Legislature of newly administratively established accounts or funds. In addition, each department or agency, at least twenty days prior to the convening of each regular session, shall submit a report to the Legislature, which shall include: (1) A list of all administratively established accounts or funds; and (2) All revenues, expenditures, encumbrances, and ending balances of each account or fund.

The following is a list of administratively established accounts and funds for the Department of Commerce and Consumer Affairs (“DCCA” or “Department”) for Fiscal Year (“FY”) 2016.

1. Name of Fund: Insurance Regulatory Services

Fund Type (MOF): P

Appropriation Symbol: S-205-R

Intended purpose: This fund enhances current capacity to review and, to the extent permitted by state law, approve or deny rate increases in the individual and group markets.

Current Program Activities: Modification to electronic rate filing system. Hiring of additional rate analysts.

Financial Data		
	FY 2016	FY 2017
Beginning Cash Balance	7,042	0
Beginning Encumbrances	0	0
Revenues	630,528	
Expenditures	637,570	
Transfers	0	
Ending Cash Balance	0	

2. Name of Fund: Temporary Deposits-Commerce/Consumer Affairs

Fund Type (MOF): T

Appropriation Symbol: T-902-R

Intended purpose: This fund was established by DCCA to account for temporary deposits.

Current Program Activities: Moneys deposited in this fund may be later transferred to the appropriate fund.

Financial Data		
	FY 2016	FY 2017
Beginning Cash Balance	1,810,621	1,149,621
Beginning Encumbrances	605	9,575
Revenues	2,108,673	
Expenditures	2,769,673	
Transfers	0	
Ending Cash Balance	1,149,621	

3. Name of Fund: Premium Taxes Paid Pending Appeal

Fund Type (MOF): T

Appropriation Symbol: T-916-R

Intended purpose: This fund includes premium taxes paid in protest due to denial of high tech tax credits.

Current Program Activities: Pending result of appeal.

Financial Data		
	FY 2016	FY 2017
Beginning Cash Balance	2,265,346	2,815,841
Beginning Encumbrances	0	0
Revenues	550,495	
Expenditures	0	
Transfers	0	
Ending Cash Balance	2,815,841	

4. Name of Fund: Real Estate Appraisers Registry Fee

Fund Type (MOF): T

Appropriation Symbol: T-919-R

Intended purpose: Pursuant to Chapter 466K, HRS, the purpose of this fund is to support the implementation of the requirements of 12 United States Code §3301 et. seq. and the requirement that all real estate appraisals be performed by licensed or certified appraisers. As discussed in Section 466K-1, HRS, the regulation of real estate appraisers is reasonably necessary to protect consumers. Further, 12 United States Code §3301 et. seq. requires that real estate appraisals utilized in connection with federally related transactions be performed by individuals who are licensed or certified appraisers.

Current Program Activities: With respect to this fund, and in addition to any other powers and duties authorized by law, the Director of DCCA shall have the following powers and duties:

1. To grant permission to practice as a certified real estate appraiser in this State pursuant to Chapter 466K, HRS, and 12 United States Code §3301 et. seq. and the rules and regulations adopted pursuant thereto;
2. To adopt, amend, or repeal rules as the DCCA Director finds necessary to effectuate fully this Chapter and 12 United States Code §3301 et. seq.;
3. To enforce this Chapter and 12 United States Code §3301 et. seq. and rules and regulations adopted pursuant thereto;
4. To discipline a certified real estate appraiser for any cause prescribed by this Chapter or 12 United States Code §3301 et. seq. for any violation of the rules and regulations and refuse to grant a person permission to practice as a certified real estate appraiser for any cause that would be grounds for disciplining a certified real estate appraiser;
5. To act as the designated representative of this State to implement 12 United States Code §3301 et. seq.; and
6. To appoint an advisory committee to assist with the implementation of this Chapter and 12 United States Code §3301 et. seq. and the rules and regulations adopted pursuant thereto.

Financial Data		
	FY 2016	FY 2017
Beginning Cash Balance	5,330	5,250
Beginning Encumbrances	0	0
Revenues	37,720	
Expenditures	37,800	
Transfers	0	
Ending Cash Balance	5,250	

5. Name of Fund: Service Contract Providers' Financial Security Deposits

Fund Type (MOF): T

Appropriation Symbol: T-927-R

Intended purpose: This fund will hold financial security deposits placed in trust with the Insurance Commissioner ("Commissioner") by service contract providers for all service contracts issued and in force in this State.

Current Program Activities: Current activities include the issuance and renewal of service contract providers' registration.

Financial Data		
	FY 2016	FY 2017
Beginning Cash Balance	66,560	50,000
Beginning Encumbrances	0	0
Revenues	0	
Expenditures	16,560	
Transfers	0	
Ending Cash Balance	50,000	

6. Name of Fund: Insurance Division Restitution

Fund Type (MOF): T

Appropriation Symbol: T-928-R

Intended purpose: This fund will hold deposits placed in trust with the Commissioner by defendants from an enforcement action brought by the Insurance Division. If the defendant does not comply with the terms of the settlement agreement, the Insurance Division then has the power to use these funds to provide restitution to the complainants involved.

Current Program Activities: No deposits being held.

Financial Data		
	FY 2016	FY 2017
Beginning Cash Balance	0	0
Beginning Encumbrances	0	0
Revenues	0	
Expenditures	0	
Transfers	0	
Ending Cash Balance	0	

7. Name of Fund: Captive Insurance Companies Letters of Credit Escrow

Fund Type (MOF): T

Appropriation Symbol: T-931-R

Intended purpose: This fund shall be used to maintain cash drawn from Letters of Credit (“LOC”) issued on behalf of captive insurance licensees and in favor of the Commissioner.

Current Program Activities: The Commissioner may draw upon the LOC fund when the captive licensee is not in compliance with the provisions of Article 19 of Chapter 431, HRS, including, but not limited to, its minimum capital and surplus requirements, applicable investment provisions, or otherwise in adverse financial condition, or operating in a manner that is detrimental or its condition unsound with respect to the public or to its policyholders. The cash drawn from the LOC is used to cover liabilities and other obligations of the captive licensee, including policy holder claims, operating expenses, taxes, fees, fines, and other expenses.

Financial Data		
	FY 2016	FY 2017
Beginning Cash Balance	516	519
Beginning Encumbrances	0	0
Revenues	3	
Expenditures	0	
Transfers	0	
Ending Cash Balance	519	

8. Name of Fund: Multi-State Mortgage Servicer Agreement

Fund Type (MOF): T

Appropriation Symbol: T-932-R

Intended purpose: Provide support of general consumer protection enforcement efforts, including but not limited to, mortgage rescue fraud, and to educate homeowners about mortgage rescue fraud scams; and monitor compliance with the terms of the multi-state mortgage servicer settlement agreements, supervise and regulate the mortgage loan industry.

Current Program Activities: The fund supports the Department in hiring additional legal, investigative and support staff to support ongoing enforcement actions, investigations and outreach programs, as well as related operating expenses. The funds are used to hire staff to conduct investigations, examine for compliance with applicable laws and rules, and to provide consumer education and outreach. The funds are also used for related expenses including training of staff.

Financial Data		
	FY 2016	FY 2017
Beginning Cash Balance	1,013,136	712,427
Beginning Encumbrances	135,112	3,522
Revenues	184,666	
Expenditures	485,375	
Transfers	0	
Ending Cash Balance	712,427	