

ACT 72

S. B. NO. 1699-70

A Bill for an Act Relating to Bonds and Insurance for Escrow Depositories.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 449-8, Hawaii Revised Statutes, is amended to read as follows:

“Sec. 449-8 Issuance and renewal of license. After approval of the application, and payment of the license fee, the bank examiner shall issue to the applicant a license to act as an escrow depository. The license shall be effective only upon the applicant’s filing with the bank examiner an escrow depository’s bond and evidence that fidelity bonds and errors and omissions insurance, or

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cash or securities deposits permitted in lieu thereof, have been obtained, all as provided in sections 449-9, 449-11, and 449-12. The license shall be renewed annually, as of July 1, upon payment of the annual renewal fee and the finding of the bank examiner, from the information contained in the annual corporate exhibit of the licensee or investigation or hearing, that the licensee continues to meet the qualifications for licensing and has continued in force the bonds and insurance or the cash or securities deposits permitted in lieu thereof. An escrow depository's license may not be transferred."

SECTION 2. Section 449-11, Hawaii Revised Statutes, is amended to read as follows:

"Sec. 449-11 Fidelity bonds; deposit. A licensed escrow depository shall at all times either:

- (1) Maintain fidelity bonds executed by a surety insurer authorized to do business in the State and in amounts of not less than \$5,000 and not more than \$25,000, to be approved by the bank examiner; or
- (2) Deposit an equivalent amount of cash or securities under such terms and conditions as are acceptable to the bank examiner,

upon all of its officers and employees who have access to money or negotiable securities or instruments in its possession or under its control. Notwithstanding the above provision, the escrow depository may carry bonds or deposit cash or securities above the amounts required by the bank examiner."

SECTION 3. Section 449-12, Hawaii Revised Statutes, is amended to read as follows:

"Sec. 449-12 Errors and omissions insurance; deposit. A licensed escrow depository shall at all times either:

- (1) Maintain a policy of errors and omissions insurance executed by an insurer authorized to do business in the State in an amount of not less than \$50,000, and not more than \$100,000, to be approved by the bank examiner; or
- (2) Deposit an equivalent amount of cash or securities under such terms and conditions as are acceptable to the bank examiner."

SECTION 4. Section 449-13, Hawaii Revised Statutes, is amended to read as follows:

"Sec. 449-13 Cancellation of bonds or insurance; withdrawal of deposits. None of the bonds or insurance or deposits in lieu thereof required by sections 449-9, 449-11, and 449-12 shall be cancelled or withdrawn as to future accruing liability except upon prior written notice to the bank examiner: sixty days' notice for the bonds or deposits, and thirty days' notice for the insurance. The license of any licensee shall be suspended upon cancellation of any bond or insurance or upon withdrawal of any deposit in lieu thereof."

SECTION 5. Statutory material to be repealed is bracketed. New mate-

rial is underscored. In printing this Act, the revisor of statutes need not include the brackets, the bracketed material, or the underscoring.*

SECTION 6. This Act shall take effect upon its approval.
(Approved June 12, 1970.)

* Edited accordingly