

ACT 41

S.B. NO. 2728

A Bill for an Act Relating to Escrow Depositories.

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

SECTION 1. Section 449-11, Hawaii Revised Statutes, is amended to read as follows:

**“§449-11 Fidelity bonds; deposit.** A licensed escrow depository shall at all times either:

- (1) Maintain a fidelity [bonds] bond executed by a surety insurer authorized to do business in the State [and] in [amounts of] an amount not less than [\$5,000 and not more than] \$25,000[, to be approved by]; provided that, any bond which is subject to a deductible thereunder, in excess of \$5,000 per occurrence, shall require the prior approval of the commissioner[;], who may take into consideration, among other factors, the amount of the proposed bond; or

- (2) Deposit an equivalent amount of cash or securities under such terms and conditions as are acceptable to the commissioner, 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 commissioner.”

SECTION 2. Section 449-12, Hawaii Revised Statutes, is amended to read as follows:

**“§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[, with]; provided that any policy which is subject to a deductible thereunder [not to exceed] in excess of \$10,000, per occurrence, [to be approved by] shall require the

- prior approval of the commissioner[;], who may take into consideration, among other factors, the amount of the proposed coverage; or
- (2) Deposit an equivalent amount of cash or securities under such terms and conditions as are acceptable to the commissioner.’’

SECTION 3. Section 449-14, Hawaii Revised Statutes, is amended to read as follows:

**“§449-14 Fees.** The following fees shall be paid by licensed escrow depositories to the commissioner and, together with any administrative penalty or other charge assessed under this chapter, shall be deposited into the [general] financial institution examiners’ revolving fund:

- (1) For filing and investigation of an escrow depository’s application for license, \$2,000;
- (2) For initial issuance and annual renewal of an escrow depository’s license, \$100;
- (3) For initial issuance and annual renewal of a branch office license, \$50; and
- (4) For reissuance of a license or endorsement on the license for the change in the business address of its office, \$25.

An escrow depository that fails to make a payment required by this section shall be subject to an administrative penalty of not more than \$200 per day for each day it is in violation of this section.’’

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

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

(Approved April 23, 1996.)