



TWENTY-NINTH LEGISLATURE  
STATE OF HAWAII  
REGULAR SESSION OF 2018

**Annual Report on  
Administratively Established Accounts and Funds  
of the  
Department of Commerce and Consumer Affairs  
for Fiscal Year 2017**

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
STATE OF HAWAII

December 2017

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Hawaii Revised Statutes (HRS) section 37-52.5 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 20 days prior to the convening of each regular session, shall submit a report to the Legislature that includes: (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) 2017:

**1. Name of Fund: Insurance Regulatory Services**

**Fund type (MOF):** P

**Appropriation symbol:** S-205-R

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

**Current program activities:** Modification of the electronic rate filing system. Hiring of additional rate analysts.

<b>Financial Data</b>		
	<b>FY 2017</b>	<b>FY 2018</b>
Beginning Cash Balance	0	0
Beginning Encumbrances	0	0
Revenues	308,857	
Expenditures	308,857	
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 accounts for temporary deposits in DCCA.

**Current program activities:** Moneys deposited in this fund may be later transferred to the appropriate fund.

<b>Financial Data</b>		
	<b>FY 2017</b>	<b>FY 2018</b>
Beginning Cash Balance	1,140,046	1,874,467
Beginning Encumbrances	9,575	22,100
Revenues	2,117,028	
Expenditures	1,360,508	
Transfers	0	
Ending Cash Balance	1,874,467	

**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 the denial of high technology tax credits.

**Current program activities:** Pending result of appeal.

<b>Financial Data</b>		
	<b>FY 2017</b>	<b>FY 2018</b>
Beginning Cash Balance	2,815,841	1,905,274
Beginning Encumbrances	0	0
Revenues	0,	
Expenditures	910,568	
Transfers	0	
Ending Cash Balance	1,905,274	

#### 4. Name of Fund: Real Estate Appraisers Registry Fee

**Fund type (MOF):** T

**Appropriation symbol:** T-919-R

**Intended purpose:** Pursuant to HRS chapter 466K, this fund supports implementation of the requirements of 12 United States Code (U.S.C.) section 3301 *et. seq.* and the requirement that all real estate appraisals be performed by licensed or certified appraisers. Under HRS section 466K-1, the regulation of real estate appraisers is reasonably necessary to protect consumers. Further, 12 U.S.C. section 3301 *et. seq.* requires that only licensed or certified appraisers may perform real estate appraisals in connection with federally related transactions.

**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 HRS chapter 466K and 12 U.S.C. section 3301 *et. seq.* and the rules and regulations adopted pursuant thereto;
2. To adopt, amend, or repeal rules as the Director of DCCA finds necessary to effectuate fully this chapter and 12 U.S.C. section 3301 *et. seq.*;
3. To enforce this chapter and 12 U.S.C. section 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 U.S.C. section 3301 *et. seq.* for any violation of the rules and regulations, and to refuse granting 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 U.S.C. section 3301 *et. seq.*; and
6. To appoint an advisory committee to assist with implementing this chapter and 12 U.S.C. section 3301 *et. seq.* and the rules and regulations adopted pursuant thereto.

<b>Financial Data</b>		
	<b>FY 2017</b>	<b>FY 2018</b>
Beginning Cash Balance	5,250	4,970
Beginning Encumbrances	0	0
Revenues	2,000	
Expenditures	2,280	
Transfers	0	
Ending Cash Balance	4,970	

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

**Fund type (MOF):** T  
**Appropriation symbol:** T-927-R

**Intended purpose:** This fund holds 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:** Issuance and renewal of service contract provider registration.

<b>Financial Data</b>		
	<b>FY 2017</b>	<b>FY 2018</b>
Beginning Cash Balance	50,000	50,000
Beginning Encumbrances	0	0
Revenues	0	
Expenditures	0	
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 holds 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 may use these funds to provide restitution to the complainants involved.

**Current program activities:** No deposits being held.

<b>Financial Data</b>		
	<b>FY 2017</b>	<b>FY 2018</b>
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 maintains 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 this fund when the captive licensee has violated HRS chapter 431, article 19, including, but not limited to: failing to satisfy minimum capital and surplus requirements or applicable investment provisions; having an adverse financial condition; or operating in a manner that is detrimental or unsound with respect to its policyholders or the public. The cash drawn from LOC is used to cover liabilities and other obligations of the captive licensee, including policyholder claims, operating expenses, taxes, fees, fines, and other expenses.

<b>Financial Data</b>		
	<b>FY 2017</b>	<b>FY 2018</b>
Beginning Cash Balance	519	523
Beginning Encumbrances	0	0
Revenues	4	
Expenditures	0	
Transfers	0	
Ending Cash Balance	523	

**8. Name of Fund: Multi-state Mortgage Servicer Agreement**

**Fund type (MOF):** T

**Appropriation symbol:** T-932-R

**Intended purpose:** This fund supports general consumer protection enforcement efforts, including, but not limited to: mortgage rescue fraud; educating homeowners about mortgage rescue fraud scams; monitoring compliance with multi-state mortgage servicer settlement agreements; and supervising and regulating the mortgage loan industry.

**Current program activities:** This fund supports DCCA in hiring additional legal, investigative, and support staff to support ongoing enforcement actions, investigations and outreach programs, and related operating expenses. The funds are used to hire staff to conduct investigations, examine compliance with applicable laws and rules, and



provide consumer education and outreach. The funds are also used for related expenses, including staff training.

<b>Financial Data</b>		
	<b>FY 2017</b>	<b>FY 2018</b>
Beginning Cash Balance	708,905	602,188
Beginning Encumbrances	3,470	435,223
Revenues	501,536	
Expenditures	173,180	
Transfers	0	
Ending Cash Balance	602,188	