

Hawaii's Title & Escrow

From the Beginning



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Matt Takata, Title Guaranty's Senior Vice President & Escrow State Manager, shares a historical perspective on the origin of title and escrow in Hawaii.

The Great Mahele of March 7, 1848 and the subsequent Kuleana Act of August 6, 1850 allowed private ownership of Hawaii lands that were previously held entirely by the Hawaiian Monarchy. Approximately one third of Hawaiian lands were given to the people to be held privately, allowing real property to be sold and conveyed. While title abstract and certificate companies began searching titles and presenting opinions for consumer awareness in the late 1800's, an opinion backed by a guarantee or insurance would not be available for another 100 years after the Great Mahele.

The origins of title insurance in Hawaii stemmed from the aftermath of World War II and the United States Government's effort to rebuild Pearl Harbor and other areas damaged by the December 7, 1941 attack. An anecdote shared by a former Title Guaranty Executive describes the day when David Pietsch, Sr. received a call from President Harry S. Truman who shared his concern that the government and other private contractors were unable to secure financing because title insurance was unavailable in Hawaii.

David Pietsch, Sr. and Kenneth McKinney travelled to the mainland to meet with title insurance underwriters and signed an agency agreement with Pacific Coast Title Insurance Company. On March 1, 1952, Title Guaranty Company of Hawaii, Inc. began offering land owners in Hawaii the option to purchase title insurance. The availability of title insurance not only aided in the rebuilding of Pearl Harbor but allowed for the growth of hotels, shopping centers and other larger scale real estate developments.

Up to the mid-1950's escrow services were provided by attorneys or an assortment of qualified escrow service providers, often partially owned or operated by real estate agents and banks. It was largely an unregulated industry back then and over time the inherent conflicts of interest between escrow and involved parties became a growing concern. The larger dollar volume of transactions and lack of regulation and standardization helped spur the growth of independent escrow companies that operated from truly a neutral third party position. Today, the conflict of interest is removed for consumers through access to impartial companies that simply deliver title & escrow services – nothing else.

