



Dipattamenton Kontribusion yan Adu'ána

DEPARTMENT OF

REVENUE AND TAXATION

GOVERNMENT OF GUAM

Gubetnamenton Guåhan

LOURDES A. LEON GUERRERO, Governor / *Maga'håga*
JOSHUA F. TENORIO, Lt. Governor / *Tiñente Gubetnadot*

MARIE P. LIZAMA, Director
Direktot
CRAIG A. CAMACHO, Acting Deputy
Direktor
Aktot Segundo Direktot

BANKING AND INSURANCE BOARD MEETING MINUTES

Date and Time: Thursday, August 1, 2024 at 2:00pm

Zoom Virtual Conference: Meeting ID 816 8790 9104, Passcode 143148

Zoom Link:

<https://us06web.zoom.us/j/81687909104?pwd=bErdgZRCUQ7NH4YovtYWkNQ8KdCbV3.1>

Facebook Live: Guam Department of Revenue & Taxation

BOARD MEMBERS PRESENT:

Michele B. Santos - Banking and Insurance Commissioner
Danilo Rapadas - SVP/General Counsel & Chief Risk Officer, Bank of Guam
William West Cassidy - EVP/General Manager, Pacific Indemnity Insurance Company
Dean Manglona - Attorney, Civile & Tang, PLLC
Jason Baza - Budget & Management Analyst Supervisor, Bureau of Budget and Management Research
Juno Eun - President & CEO, Core Tech Development, LLC

ALSO PRESENT:

Alice Sebastian-Cruz - Regulatory Programs Administrator, Department of Revenue and Taxation
Michele Marie R. Rabago - Regulatory Examiner II, Department of Revenue and Taxation

MINUTES:

1. **Call Meeting to Order** – Commissioner Santos called the meeting to order Thursday, August 1, 2024 around 2:10pm.
2. **Attendance – Roll Call** – Commissioner Santos did roll call of the following: West Cassidy, Dean Manglona, Jason Baza, and Danilo Rapadas. Absent were Roland Biscoe, Raymond Schnabel, and Juno Eun, who later joined the meeting around 2:27pm.
3. **Approval of Meeting Minutes Dated September 21, 2023** – Commissioner Santos tabled the approval of September 21, 2023 minutes.
4. **Old Business**
 - a. **State Based System / National Insurance Producer Registry (SBS/NIPR)** – Administrator Sebastian-Cruz reported the successful launch of SBS/NIPR online insurance producer (subagent/producer, adjuster, broker, and surplus line broker) licenses for Guam beginning April 2024. Administrator Sebastian-Cruz reported there have been challenges which are normal when implementing a new system; however, for the most part going online has lessen the manual licensing process on the regulators and lessen the amount of paper submitted by the licensees as licensees can conveniently apply for their licenses remotely with online access. Administrator Sebastian-Cruz reported many virtual meetings have taken place with SBS, NIPR, and the Guam insurance industry prior and during the implementation of the online system to iron out issues that have surfaced along the way. All in all, going online will be beneficial to the licensees and more importantly, to the regulators as we are currently down

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to four (4) regulators. Board Member Attorney Manglona asked the turnaround rate for licensing to which Administrator Alice responded 24 hours should all required documents be uploaded and are compliant.

Board Member Cassidy inquired about the 30-hour insurance pre-licensing hours to which Administrator Sebastian-Cruz responded the pre-licensing is to prepare licensee on what to expect on the insurance exam as well as provide study material. Board Member Cassidy expressed concern with the passing scores for licensing.

- b. **RFP for Certified Financial Examiner** – Commissioner Santos reported that the RFP for Certified Financial Examiner (CFE) was issued latter part of last year 2023. Two off-island applications were received. One application was received on-time and the other was delayed as it got lost in transit to Guam. Commissioner Santos reported that the RFP was cancelled due to only one applicant and a new RFP for CFE will be issued this month of August. Board Member Cassidy inquired if there were intentions of training an in-house CFE; however, Commissioner Santos mentioned that the Board wanted to hire an off-island CFE due to Guam being a close-knit community. However, Commissioner Santos is open to revisit for open discussion at the next meeting.

Commissioner Santos mentioned she attended a Catastrophic Model Training in Hawaii where she met the Hawaii Commissioner and Deputy Commissioner and their staff and they offered to assist Guam with anything to include training. Commissioner Santos mentioned her primary concern was to see if Guam could have access to use their CFEs. Board Member Manglona mentioned that it makes sense to develop an in-house CFE and should any conflicts of interest arise, we can work out an arrangement with Hawaii to mediate and provide guidance. Board Member Baza inquired if the CFEs in Hawaii would require compensation or a memorandum of understanding to which Commissioner Santos replied for compensation.

New Board Member Mr. Juno Eun logged onto Board meeting 21 minutes after the start of the meeting due to technical issues with downloading the Zoom application. Commissioner Santos introduced new Board Member Eun to the rest of the Board.

5. New Business

- a. **Perfuturo Insurance Company** – Commissioner Santos reported Perfuturo Insurance Company (PIC) has not been licensed in Guam since June 2022, all their staff have resigned, all their files are with the Department of Labor, and they have closed their office. Commissioner Santos reported she consulted with DRT legal team on whether to request for PIC to withdraw or liquidate as this has been an ongoing issue. Board Member Eun inquired how many policies they have to which Administrator Sebastian-Cruz responded probably not as much as they were license for less than a year. Administrator Sebastian-Cruz reported that the Commissioner's Office has been working patiently with them but to no avail. Board Member Eun shared his business experience with PIC. Board Member Manglona advised to seek direction from DRT's legal team and if it is legal's opinion to have the Board's required consent perhaps this could be discussed in executive session. Board Member Cassidy requested to ask DRT legal team if it is within the Board's authority to make decisions regarding PIC. Board Member Manglona sided with Board Member Eun in that there are Guam businesses and individuals who are at risk due to PIC's non-compliance with insurance laws. Board Member Rapadas was experiencing microphone issues earlier in the meeting

and was unable to provide his comments. Board Member Rapadas requested that DRT's legal team create a "game plan" from beginning to end outlining when the Board should get involved in such cases, and more so to have a "play book" providing guidelines for future reference.

- b. Approved Automobile and Homeowners Tariff** – Commissioner Santos reported there have been complaints regarding the tariff and premiums increasing as a result. Board Member Cassidy responded the tariff was reassessed to standardize and memorialize how the tariff was supposed to be applied as all insurance carriers had different understandings of how the tariff applied. Board Member Cassidy further added that not only has premium rates increased over the years as a result of the standardized tariffs and its rules, but as a result of how the overall basis of how rates are applied particularly with the replacement cost construction which has increased and increased premiums. Board Member Cassidy mentioned that people may think premiums have increased; however, that is not necessarily the case as it is a result of the limited insurance as well. Board Member Eun provided his understanding of the tariff. A discussion ensued between the Board to provide clarification and the purpose of the tariff.
- c. Complaints** – Commissioner Santos reported the complaints made to our Department are in regards to the timeliness to which insurance claims are paid, that insurance claims are taking significantly long to be paid out.
- 6. Open Discussion** – Commissioner Santos shared more of her experience attending the Catastrophic Model Training which included Hawaii and California. Commissioner Santos reported that Hawaii and California have more severe catastrophes than Guam to include fires and flooding. Commissioner Santos reported the Training showed and discussed different insurance rate models used to predict the outcomes based on such catastrophes. Commissioner Santos reported that NAIC (National Association of Insurance Commissioners) has a section that focuses specifically on catastrophes and respective rates. Board Member Rapadas reported that they have a Tasi Branch in California and it was interesting to hear that many of the major insurance companies have pulled out of California as a result of the catastrophes. Board Member Cassidy provided insight that almost all reinsurance is rated on those probabilistic catastrophic models to establish a necessary amount to adequately fund a future and potential damageability event; and when rates increase and premium levels increase, a lot is attributed to the cost of reinsurance that are based on those catastrophic models. Board Member Cassidy emphasized that adjustments of premiums were made to fund future potential losses and that it is an adjustment made to return to adequacy to be able to fund future events and not necessarily an increase in rates. Board Member Eun requested to review insurance rates and forms to which Commissioner Santos asked Administrator Sebastian-Cruz to assist after end of Board meeting.
- 7. Schedule Next Meeting** – Commissioner Santos mentioned that she is working to have the Board meetings face-to-face (F2F); however, the Department is currently working to acquire the equipment to be able to livestream the F2F Board meeting. Commissioner Santos hopes



to have the next Board meeting sometime in September. Commissioner Santos clarified the Board meetings should be held at least once every quarter; however, she has the authority to call meetings as often as need be.

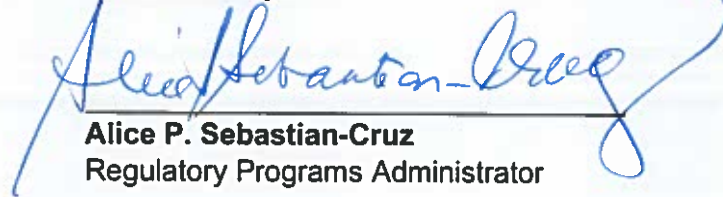
8. Meeting Adjournment – Commissioner Santos adjourned the meeting around 3:03pm.

Prepared and Submitted By:



Michele Marie R. Rabago
Regulatory Examiner II

Confirmed By:



Alice P. Sebastian-Cruz
Regulatory Programs Administrator