



**BANKING AND INSURANCE BOARD MEETING MINUTES**

**Date and Time: Tuesday, December 20, 2022 at 2:00pm**

**Zoom: Meeting ID 864 5197 3093, Passcode 671635**

**Zoom Link: <https://us02web.zoom.us/j/86451973093?pwd=bGFBCnF5L25KYkhZWmVhS253a1RmUT09>**

**Facebook Live: Guam Department of Revenue & Taxation**

**BOARD MEMBERS PRESENT:**

**Danilo Rapadas, SVP/Chief Risk Officer, Bank of Guam**  
**John McKinnon, VP Regulatory Risk Officer, Bankpacific**  
**Raymond Schnabel, Chief of Operations, Calvo's Insurance Underwriters**  
**West Cassidy, EVP/General Manager, Pacific Indemnity Ins. Co.**  
**Roland Biscoe, Insurance Producer**  
**Dean Manglona, Attorney, Civile & Tang, PLLC**  
**Michael Sgro, Fitness General Manager, Paradise Fitness**

**ALSO PRESENT:**

**Alice Sebastian-Cruz, Regulatory Programs Administrator**  
**Nemencio David Briones, Regulatory Supervisor, Acting**  
**Michele Marie R. Rabago, Regulatory Examiner I**

- 1. Call Meeting to Order** – Regulatory Programs Administrator Alice Sebastian-Cruz officiated the Board meeting and called the meeting to order Thursday, December 15, 2022 at 2:10pm as Commissioner Santos was enroute back to Guam from attending the 2022 National Association of Insurance Commissioners (NAIC) Conference held in Tampa, Florida.
- 2. Attendance – Roll Call** - Roll call of Board Members was taken by Ms. Sebastian-Cruz. A quorum was present. All Board Members were in attendance.
- 3. Approval of Minutes of Dated October 20, 2022** – A motion was made by Member Attorney Manglona to approve the minutes of the previous meeting held on October 20, 2022, seconded by Member Rapadas, and unanimously approved by the Commission.
- 4. Old Business**
  - a) Guam Automobile Tariff (GAT) and Homeowners Tariff (HOT) Update** – Ms. Sebastian-Cruz reported that the proposed tariffs are being reviewed by the Attorney General's (AG) Office and the Board is still awaiting the appointment of a hearing officer as it needs to go through the AAA (Administrative Adjudication Act) process. Member Schnabel inquired does the hearing officer have to be an attorney to which Ms. Sebastian-Cruz stated that according to Attorney Toft of the AG's Office, the hearing officer has to be an attorney. Member Schnabel's concern was the discount rates that USAA were using. Ms. Sebastian-Cruz reassured Member Schnabel that in the meantime, the discount rates used by the companies have been grandfathered and approved by the Commissioner's Office; and until the Board has a hearing officer, the Board is unable to proceed with the proposed tariffs as the Board is at the mercy of the AG's Office. Ms. Sebastian-Cruz emphasized that no other discounts

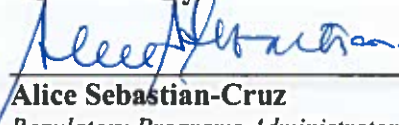
have been approved by the Commissioner's Office. Member Cassidy wanted clarification on whether it is statutory that the hearing officer be an attorney. Member Attorney Manglona responded that it appears the issue is that whoever is serving as a hearing officer constitutes the practice of law in Guam. Member Cassidy further added that the Insurance Code speaks to the Commissioner certifying and approving rates and determining whether the rates are adequate and not excessive; and would expect that the Commissioner has the authority to review and approve the proposed tariffs. Member Cassidy further inquired does the statute state the hearing officer has to be an attorney or whether the hearing officer is supposed to be in a position to govern the proceedings of the hearing, but he/she is not making the decision on whether the rates are adequate or excessive. Ms. Sebastian-Cruz responded that Member Cassidy's concern is two-fold. For rates and form filings, the Commissioner by law has the power to approve/disapprove rates and forms and the decision does not require a hearing officer; however, the tariffs have been passed by the Legislature and have been made into law and in order to change the law, a hearing officer is required as the Commissioner does not have the power to change the law, hence the AAA process that must take place.

- b) **Military Contractors Project** – Ms. Sebastian-Cruz reported the Commissioner produced a list of military contractors awarded military projects here on Guam and started sending letters to military contractors to ensure they are in compliance and in line with all the Insurance Laws of Guam.
  - c) **Ongoing and Future Financial Examinations** – Ms. Sebastian-Cruz reported that insurance companies will be examined and by law must be examined every three (3) years. Ms. Sebastian-Cruz reported that examination letters of notice will be issued by the Commissioner's Office and will be going out by the end of 1<sup>st</sup> Quarter of 2023.
  - d) **ANZ Guam Bank Closure** – Ms. Sebastian-Cruz reported as discussed in last meeting, ANZ is closing and is currently working to fulfill federal requirements and local requirements for bank closure.
5. **New Business – Notice of Intention of New Bank** – Ms. Sebastian-Cruz reported that the Commissioner received a Notice of Intention for the formation of a new bank on Guam. Ms. Sebastian-Cruz reported that her and the Commissioner did not receive much information and are currently waiting for the necessary paperwork and documents to come in from the new bank. Ms. Sebastian-Cruz did report that the new bank is registered next door here at the General Licensing/Business License Branch. Member Rapadas asked if the bank was an on-island or off-island bank to which Ms. Sebastian-Cruz could not disclose the details as it is still in the initial stages of formation.
6. **Open Discussion** – Member McKinnon wanted to make a correction to the minutes of the last meeting held on October 20, 2022. In regards to BankPacific changing from a Savings and Loan to a Commercial Bank, he mentioned that it was held up at "OCC"; however, it was actually held up at "FRB". Ms. Sebastian-Cruz mentioned that part will be amended as per Member McKinnon's request with the rest of the minutes remaining unchanged as approved by the Board.
7. **Next Meeting Scheduled for Thursday, March 16, 2023 at 2:00pm** – Ms. Sebastian-Cruz reminded the Board that the next meeting is scheduled for Thursday, March 16, 2023 and that the Board should adhere to the order of the Legislature to have quarterly meetings. All members wished each other a Merry Christmas and Happy New Year.
8. **Meeting Adjournment** – Member Rapadas made a motion to adjourn the meeting to which Member Attorney Manglona seconded. Meeting was adjourned around 2:21pm.

Prepared and Submitted By:

  
Michele Marie R. Rabago  
Regulatory Examiner

Confirmed By:

  
Alice Sebastian-Cruz  
Regulatory Programs Administrator