



BANKING AND INSURANCE BOARD MEETING MINUTES

Date and Time: Thursday, March 16, 2023 at 2:00pm

Zoom: Meeting ID 837 3663 5915, Passcode 1844635

Zoom Link: <https://us02web.zoom.us/j/83736635915?pwd=TWQ2amtjR05tK2hURGRobzJMSFM0UT09>

Facebook Live: Guam Department of Revenue & Taxation

BOARD MEMBERS PRESENT:

Michele B. Santos, Banking and Insurance Commissioner
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

GENERAL PUBLIC:

Tasi Peddicord
Orlene Arriola

- 1. Call Meeting to Order** – Commissioner Santos called the meeting to order at 2:08pm.
- 2. Attendance – Roll Call** - Roll call of Board Members was taken by Commissioner Santos. A quorum was present. All Board Members were in attendance except for Members John McKinnon and Danilo Rapadas who was traveling off-island.
- 3. Approval of Minutes of Dated December 20, 2022** – Member Attorney Manglona requested an amendment to the minutes on the top of page 2, 2nd line, 1st paragraph to: “Guam law requires an attorney to serve in the capacity as hearing officer because the services offered by the hearing officer constitutes practice of law on Guam”. Amendment was acknowledged by Administrator Sebastian-Cruz. A motion was made by Member Attorney Manglona to approve the minutes with recommended amendment and seconded by Member Cassidy. Board voting was unanimous.
- 4. Old Business**

Guam Automobile Tariff (GAT) and Homeowners Tariff (HOT) Update – Administrator Sebastian-Cruz reported that early part of February the Commissioner and her reviewed the proposed changes to the GAT and HOT. The Commissioner stated a meeting needs to be held with the [Insurance] Association and Board Member Schnabel possibly next week to go over the tariff. Board Member Schnabel stated there are only three (3) of them on the [Tariff] Committee to which the Commissioner offered to have the meeting at the

conference room at the Department of Revenue and Taxation (DRT). Board Member Schnabel wanted clarification on whether a hearing officer was needed for the meeting to which the Commissioner responded that to her knowledge the answer is no. The Commissioner stated that DRT has a legal team that comprises of three (3) attorneys. The Commissioner mentioned she will get guidance regarding hosting a public hearing and if the attorneys need to be present and prepared for it. The Commissioner added that because the Association drafted the proposed tariff changes they should be the ones to answer the public's questions.

Military Contractors Project Update – Administrator Sebastian-Cruz reported that out of 47 letters that were sent out only 17 responses were received and that letters are continuously being sent out as we speak. The Commissioner mentioned that many of the response letters received specify that they are group of designers that are in a joint venture, they only come to Guam to inspect, and that employees work remotely in the states and not on Guam. Commissioner reported that these joint venture companies have worldwide insurance policy that covers workers compensation and liability. In addition to getting letters from the regulators regarding insurance compliance, these contractors are also receiving tax compliance letters from DRT via the direction of the Office of the Public Auditor (OPA).

ANZ Guam Bank Closure Update – Administrator Sebastian-Cruz reported that ANZ after their consultation with DRT's legal team is working on sending notifications to inactive account holders. Administrator Sebastian reported those inactive account holders that do not respond, ANZ will publish the inactive accounts on news print media. The Commissioner explained to the Board that after the publication, those unclaimed inactive account monies will be forwarded to the Treasurer of Guam. Administrator Sebastian-Cruz reported that ANZ Bank is open only for administrative purposes and not opened for banking activity.

New Bank Interest Update – The Commissioner mentioned there was an interest of a possible new bank; however, as of today, there has been no application received.

5. New Business

- a. **Supervision College for Banking** – Commissioner Santos reported that Pohnpei Banking Commissioner Jesse Giltamag, who has been working with neighboring islands, would like to start a Supervisory College for the banks in our area. The Commissioner mentioned that Guam would have to take the lead on this since Bank of Guam has the most presence on the island and outer islands. The Commissioner mentioned that she has not mentioned it to Member Rapadas; although, she did send the 25-page consultative document to the Board Members for their review. Member Attorney Manglona inquired if this was a requirement for all banks to which the Commissioner responded that it is like a membership where the banking industry shares ideas and information. Administrator Sebastian-Cruz stated that the Supervisor College is still being conceptualize and still in its formative stages. Administrator Sebastian-Cruz mentioned that Commissioner Giltamag approached Commissioner Santos because he would like for her to take a lead on this. Commissioner Santos reported the International Monetary Fund (IMF) is all for it and that the concepts are to share regulatory information and discuss issues concerning the banks. Commissioner Santos mentioned that Commissioner Giltamag would like Guam to serve as the Chair or Secretariat and that the Federal Deposit Insurance Corporation (FDIC) has pledged their assistance.
- b. **Meeting with Senator Sabina Perez Update** - The Commissioner reported that she met with Senator Perez who is DRT's Oversight Chair to discuss what our needs are and what needs to be done by the Legislature. The Commissioner discussed the following with Senator Perez: changes that need to be made to the law; the proposed changes to the GAT and HOT; the drafting of three (3) or four (4) bills by the Senator's office that we have not had a public hearing on which is forthcoming; and the budget. The Commissioner stated that the Legislature gives the Banking and Insurance Enforcement Fund about \$400,000 every year to which she does not get to spend. The Commissioner mentioned to Senator Perez that she would like to use the funds to "beef up" the Insurance, Securities, Banking and Real Estate (ISBRE) Branch by hiring more personnel to assist the Branch, to hire an Actuary, and

other things. The Commissioner stated that she is not sure if she has authority to spend the funds in the Banking and Insurance Enforcement Fund and would have to go through DRT Director Dafne Mansapit-Shimizu to resolve the issue because, in the past, the money was not used for the ISBRE Branch itself and our purposes. Board Member Schnabel inquired whether the Commissioner has access to the money to which the Commissioner responded that she can request to use the money; however, DRT Director Mansapit-Shimizu signs off on it.

Board Member Schnabel requested the inclusion of the five (5) bills drafted by Senator Perez's office be presented at the meeting next week regarding the GAT and HOT to which the Commissioner responded yes. The Commissioner stated that she would like for the Board to approve the bills before it goes down to the Legislature. Board Member Cassidy brought up a lot of key points regarding the importance of clarifying definitions in the bills and in the law. A discussion ensued regarding how bills were introduced and handled in the past without the Board's or the industries' input and also without the ISBRE Branch's input. The Board came to an understanding that moving forward they would like to review all bills before they are introduced to the Legislature to avoid miscommunication. As the Commissioner stated, the Board should review all the bills as they are the representation of the banking and insurance industry.

- 6. Open Discussion** – The Commissioner reported that she is on top of the issuing outstanding stipend payments and that all documents required by the Board have been received. The Commissioner reported that moving forward she would like ensure the stipend payments are made on a regular basis and on-time.

The Commissioner opened the floor to the general public for open discussion. Orlene Arriola stated she joined the meeting to get a status update on the GAT and HOT. A discussion ensued about the process of the bills: going over the proposed changes to GAT and HOT with the Committee that includes Member Schnabel, scheduling and having a public hearing that needs 5-days and 48-hours advance publication notice, and then to the Legislature. The Commissioner stated that the Legislature has 90 days to review and discuss the bills. If the 90 days lapse, the bills become public law.

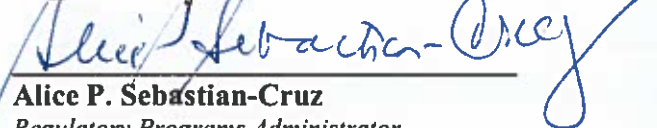
- 7. Next Meeting Scheduled for Thursday, June 15, 2023 at 2:00pm** – The Commissioner reported the next Board meeting for Thursday, June 15, 2023.
- 8. Meeting Adjournment** – Member Schnabel made a motion to adjourn the meeting to which Member Cassidy seconded. Meeting was adjourned around 2:52pm.

Prepared and Submitted By:



Michele Marie R. Rabago
Regulatory Examiner

Confirmed By:



Alice P. Sebastian-Cruz
Regulatory Programs Administrator