



BANKING & INSURANCE BOARD MEETING MINUTES

Friday, April 9, 2021 at 2:00pm

Google Meet Virtual Meeting (meet.google.com/qty-odht-scj)

BOARD MEMBERS PRESENT:

Michelle B. Santos, Banking & Insurance Commissioner

Roland Biscoe
West Cassidy
Dean Manglona
John McKinnon
Leah Beth Nahalowaa

Danilo Rapadas
Raymond Schnabel
Michael Sgro
Peter Valdez

ALSO PRESENT:

Alice Sebastian-Cruz, Regulatory Examiner Supervisor
Nemencio David Briones, Regulatory Examiner II
Michele Marie R. Rabago, Regulatory Examiner I
Francine Salas, Policy Analyst/Representative from the Office of Senator Sabina Perez

- 1. CALL TO ORDER** – The meeting was called to order by Commissioner Santos at 2:04pm.
- 2. APPROVAL OF MINUTES (DATED DECEMBER 17, 2020)**

Mr. West Cassidy wanted to re-amend the minutes on Line Item 2. *Approval of Minutes* to state “that in some cases with regard to property and casualty insurance, the proposed filing fees can be as high as the reinsurance premiums paid”.

Mr. Danilo Rapadas wanted to amend the last sentence of the second paragraph on Line Item 5. *Discussion/Other Matters* under marijuana business to read that “Majority of banks do not bank marijuana businesses.”. Also, Mr. Rapadas wanted to clarify that the licenses being referred to were “marijuana issued” licenses, that it is understood to mean “marijuana issued” licenses.

Commissioner Santos mentioned that she will follow up with the status of the Rules and Regulations of the Cannabis Board and update the board on the next meeting.

Commissioner Santos asked the board for a motion to be made for the approval of last meeting’s board minutes to include the amendments made during the meeting by Mr. Cassidy and Mr. Rapadas. A motion was made by Mr. Roland Biscoe and seconded by Mr. Rapadas. Motion was unanimously approved and carried.

3. OLD BUSINESS

a. WebCE Contract with DRT – Online Insurance Licensing Examination and Online Course Review

Ms. Sebastian-Cruz reported that WebCE is compiling all the curriculum set of exam questions for adjusters, property and casualty, and life and health. UOG started the new set of exams on April 7, 2021 for adjusters only on paper format. Eventually adjuster exams will be done online and will still be proctored by UOG.

In addition, Ms. Sebastian-Cruz mentioned WebCE emailed last week and is ready to deliver the next set of exam questions for property and casualty.

As for life and health exam questions, Ms. Sebastian-Cruz mentioned they are still in the initial stages and there are people from the association [Insurance Association of Guam] assisting with the Exam Content Outline (ECO). Once complete, Ms. Sebastian-Cruz will provide the necessary Guam statutes and WebCE will begin producing the life and health set of exam questions.

Ms. Leah Beth Nahalowaa, along with Commissioner Santos, suggested sending out a press release to announce the adjuster exam and provide the schedule. According to Ms. Sebastian-Cruz, Monique Basinger of the Insurance Association of Guam, has a schedule of the adjuster exams from April to the end of year 2021.

Mr. Peter Valdez asked, for those interested in taking the adjuster exam, what type of learning material is available out there to assist in preparing for exam. Ms. Sebastian-Cruz answered that WebCE offers a review course on WebCE.com for a fee. There is a Guam drop down menu where you will find review materials exclusive for adjusters, property and casualty, and life and health.

Mr. Dean Manglona suggested when issuing out online adjuster exam notices, there are application forms available online on the Guam Board of Accountancy's (GBA) website that can be used as templates and a good guide, instead of reinventing the wheel, as GBA announced their new online CPA application process.

Ms. Nahalowaa volunteered to write up the press release. Commissioner Santos emphasized that review materials for adjuster exam and where to find them on WebCom.com should be included in the press release.

b. Update on Proposed Amendments on Insurance Continuing Education (CE)

Commissioner Santos stated that she and Ms. Francine Salas [Policy Analyst at the Office of Senator Sabina Perez] had a discussion earlier today regarding the proposed legislation on Insurance CE and law changes. Ms. Salas had suggestions on what the Banking and Insurance Board submitted to the Legislature. Commissioner Santos, Ms. Sebastian-Cruz, and Ms. Salas will be meeting next week and will continue meeting until they are comfortable with the review of the proposed amendments and law changes.

Ms. Nahalowaa brought up a concern that the proposed legislation was already submitted to the Legislature awhile back since the last term and wanted to know if there was already an action decided. Commissioner



Santos mentioned the Legislature is working on and reviewing it. She added they will all meet together to ensure the Legislature and the Banking and Insurance Board are both on the same page.

Ms. Salas stated the proposed legislation needs to be broken down into several bills as it is 54 pages long. Ms. Salas suggested updating laws as needed, strengthening and redefining what is required for CE, and removing specific forms from Guam Administrative Rules and Regulations (GARR) to allow forms to be living documents and be amended as needed with the approval of the Banking and Insurance Board instead of approval by the Legislature.

Commissioner Santos suggested to set a target date to complete the proposed amendments. In addition, she asked Ms. Salas if she could arrange with Senator Sabina Perez to get the proposed amendments onto the agenda at the Legislature, which Ms. Salas acknowledged to do.

4. NEW BUSINESS

a. Banking and Insurance Enforcement Fund

Commissioner Santos broke down the available balances in the Banking and Insurance Enforcement Fund: (1) Contracts - \$148,952.00, (2) Supplies - \$4,250.00, and (3) Miscellaneous - \$2,200.00. These available balances are as of yesterday, April 8, 2021. Commissioner Santos mentioned they do not anticipate any large purchases. She added that they do want to open a position that would be beneficial to the branch. Commissioner Santos mentioned that this still needs to be discuss with DRT Director Dafne Mansapit-Shimizu to see how this position could be funded.

Ms. Nahalowaa brought up the hiring of a lawyer that was discussed in the last meeting. Commissioner Santos mentioned that decision would be decided by Director Mansapit-Shimizu. She further added the search for a lawyer is much needed and still ongoing as a lot of DRT issues have been sent to the Office of Attorney General for guidance and have not been resolved.

b. Captive Insurance Update

Commissioner Santos mentioned she is part of the Governor's Economic Diversification Task Force specifically under the Captive Insurance Program. Commissioner Santos was asked to lead the program committee, but due to conflict of interest as a regulator, she declined and did not feel it was in her position to market captive insurance and regulate it at the same time. Commissioner Santos will be a member of the Captive Insurance Program Committee and will assist the program in providing guidance and information as a regulator on the requirements of how to get licensed and how to expedite the process, as well as providing information regarding the program's tax requirements. Commissioner Santos believes Christine Baletto from Docomo Pacific is leading the program committee along with the Guam Economic Development Authority (GEDA). Commissioner Santos mentioned the Governor wants captive insurance companies to form on Guam as a way to diversify Guam's economy, especially with Federated States of Micronesia (FSM) and Hawaii having over 200 captive insurance companies doing business.

Commissioner Santos mentioned that Guam is on the European Union (EU) blacklist for money laundering, according to Deputy Tax Commissioner Paul Pablo, and no one knows how Guam ended up on the list. Mr. Rapadas added that he does not know how Guam ended up on the list especially when the banks on Guam

are required to follow federal laws relative to terrorism, financing, and reporting. Ms. Salas stated that under financial crimes, Guam is not on the radar for anti-money laundering (AML) fraud from the U.S.'s perspective. Commissioner mentioned that Guam being on the list discourages Japan from doing business on Guam.

5. DISCUSSION/OTHER MATTERS

Ms. Nahalowaa thanked Commissioner Santos for arranging the ethics class for the board members. Ms. Nahalowaa added the board members were reminded to get the educational class from the Insurance and Banking Commission that is supposed to update the board members of the Triple-A process and what the commission is all about. Ms. Sebastian-Cruz mentioned it is a 180-hour class. Ms. Nahalowaa inquired if the recent ethics class they took could be counted towards the 180 hours, but it is not counted. Commissioner Santos will get more information regarding the educational programs and update the board in the next meeting. Mr. Raymond Schnabel inquired on whether the ethics classes taken for CE as licensure is counted and Commissioner Santos confirmed that it does count. Mr. Biscoe stated that the ethics class had a different take than what he usually takes for Insurance CE as it focused more on the role as government servants and members of the board.

Mr. Rapadas brought up a concern on whether the government has established laws and regulations or authorizations regarding holding offsite Banking and Insurance Board meetings and other government board meetings on Google Meet or via other social media like Zoom, as meetings could be challenged by the public. He added that Bank of Guam had to amend their By-Laws to allow for virtual meetings and allow for technical advances. Ms. Salas stated that there was a law passed two (2) terms ago that allowed for attending meetings remotely, in which a public notice would go out and the invite would be extended to the public to attend, and recordings of the board meeting and all government board meetings are uploaded on the Office of Public Accountability website for the public to listen to.

Commissioner stated that for future meetings, if board members wanted items to be discussed on the agenda to let them know.

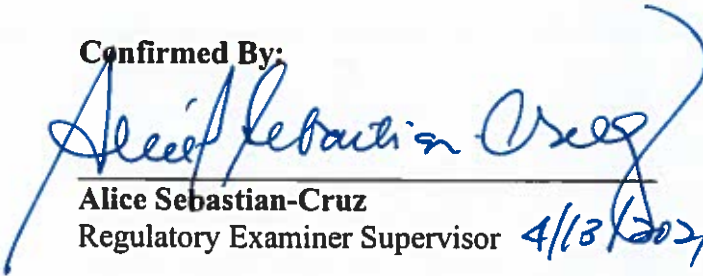
Ms. Salas mentioned that if anyone needs resources or has questions regarding public law, she is willing to provide and serve in that role.

6. ADJOURNMENT – Meeting was adjourned at 2:40pm.

Prepared and Submitted By:


Michele Marie R. Rabago
Regulatory Examiner I

Confirmed By:


Alice Sebastian-Cruz
Regulatory Examiner Supervisor

4/13/2021