

**BANKING AND INSURANCE BOARD OF DIRECTORS  
MINUTES OF THE MEETING  
January 14, 2016, 2:00pm  
Director's Conference Room, Department of Revenue & Taxation  
1240 Army Drive, Barrigada, Guam 96913**

**ATTENDANCE:**

**PRESENT:**

**Artemio B. Ilagan**, Chairman, Banking & Insurance Commissioner  
**Edelfrida Ada**            **Cesar Garcia**            **David Silva**  
**Mark O. Fish**            **Danilo Rapadas**            **W. West Cassidy**  
**Cathy Kagigi**

**ABSENT:**

**Laura Dacanay**

**ALSO PRESENT:**

**Alice P. Sebastian-Cruz**, Regulatory Examiner Supervisor, Acting  
**Nemencio David Briones**, Regulatory Examiner I

**AGENDA:**

The Commissioner called the meeting to order at 2:05 pm. A roll was called and the meeting started.

The Commissioner started the meeting by getting the consensus of all to come up with the set dates to hold the quarterly meeting of the Insurance Board for the whole year 2016. The following tentative dates for the 2016 Board Meetings were agreed upon:

May 19, 2016, Thursday, 2:00pm  
August 18, 2016, Thursday, 2:00pm  
October 20, 2016, Thursday, 2:00pm

**OLD BUSINESS:**

1. Approval of minutes—minutes of the meeting held last July 14, 2014 was approved. It was moved by Del Ada and seconded by Dave Silva. It was noticed that the last meeting was held a year before and practically no meeting was held in 2015. The Office of the Commissioner set all dates of the quarters for meeting in 2015. However, on all quarters of 2015, there was no quorum attained to hold a meeting.

2. Vincent Insurance—the Commissioner explained that Vincent Insurance already pulled out from doing business in Guam but the case still lingers due to some taxation issues that made them not qualified for QC according to GEDA's audit. The case was already heard by the Commissioner and ruled that his office is not in the position to issue retroactive license to Vincent Insurance. Vincent Insurance turned around and appealed to have a hearing with the Board of Directors with the transcript of the hearing. However, because the case was way back in the years, the transcriber hired (Ms. Pamela Sullivan) cannot produce any transcript because she cannot decipher what was being said, let alone, identify who were talking during the meeting.

Ms. Ada suggested a letter to be sent to the Attorney General Office signed by the Commissioner to give guidance on what is needed to close this case since the Commissioner's Office already did due diligence on the subject matter and no decision was reached. A letter will be prepared to be sent to the AG's office to this effect.

Mr. Silva suggested asking the notes that the two hearing officers had—Mr. Robert Cruz and Mr. David Ledger. However, these notes are the ones that the hired transcriber could not decipher when she started the project and this is why it is still pending up to now.

3. Request from AG's opinion about credit union not being a bank. The letter was first sent in 2010 and another follow up letter in 2013 and still yet to receive a response as of this writing.

Mr. Fish suggested that the Commissioner send a letter to AG's' office requesting that this item be put on the front burner and give it a push. The Commissioner agreed to send a letter to the AG. A letter to AG will be prepared to be signed by the Commissioner to this effect.

4. Adoption of UETA- the Commissioner announced that the bill was passed into a law but he is aware that the banks are not adhering to it.

Fish—commented that they can follow the law if they choose too, however, there is a need to write up an agreement of both parties to the transaction and he thinks that the banks in Guam, presently, is not ready to adopt the law due to obligations/promises the banks have with terrorism act, anti-money laundering and business secrecy act. Mr., Fish, after confirming with Mr. Rapadas that Bank of Guam is not doing it, stated that he does not know of any bank utilizing the provisions of the act.

4. National Insurance Producer Registry (NIPR)- this is a new system coming up in May 2016 that will enable 'renewals' of subagents, general agents, brokers, surplus lines brokers and adjuster be on line. Applicant can go the website of NIPR, choose the state from the drop down and follow instructions to fill the renewal application, the requirements and the corresponding fees. An applicant can print the license on line if all requirements are met. NIPR will assign all applicants a national producer number (NPN). This is a number that is unique to each applicant and this will identify all licenses an applicant holds here in Guam and other states, as well.

#### NEW BUSINESS:

1. The Commissioner announced that Bank of Guam sent a notification letter to his Office on the following Bank of Guam's activities in the upcoming month:
  - a. Transfer of Bank of Guam Harmon branch to Upper Tumon
  - b. Transfer of Bank of Guam Andersen branch to another facility but still inside the base.

Mr. Rapadas stated that the building where BOG Harmon branch is renting is being bought by First Hawaiian Bank and they plan to transfer by February 22, 2016. They are doing all that is required on bank transfer such as publication of Notice of Transfer and notification to FDIC of their intention, both on BOG Harmon and BOG Andersen. The publication for Andersen branch will be on Friday, February 22, 2016.

2. Ray Schnabel, President/Chairman of the Insurance Association of Guam (AIG) talked about the association's representation of the property and casualty and accident and health side of the insurance industry. He mentioned about the meeting he and his colleagues had with the Commissioner during last week of December 2015 in an effort to relive or activate the continuing education (CE) requirements for insurance licensees. Mr. Schanabel stated that their association wants to lift up the standard of insurance industry both by knowledge of the product they sell and the education they have to attain to make sure they are aware of the current developments in insurance business. He stated that they are in the process of gathering all sources and avenues, including the formation of a committee, to come up with applicable courses and qualified instructors for the continuing education courses. They are committed to work with the Commissioner's Office to improve the standard of the insurance industry in Guam.

Mr. Silva shared in the group the setup of insurance licensing during 2006. There are around 400 to 500 questions that are being rotated by the CE department of UOG. The test is given every Friday of each month. He mentioned that Mr. Kanda and he were the instructors of the courses. Both Mr. Kanda and he were officers of IAG in the previous years.

3. Mr. Frank Salas, one of the officers of Guam Association of Insurance and Financial Advisor (GAIFA) talked about their group's desire to come up with courses for licensing and continuing education on life and health insurance. In December 2015, Mr. Salas, along with the other officers of their association-Mr. Bobby Shringi and Mr. Dan Rosenberger, met with the Commissioner to present their plans of developing courses and administering trainings and examinations for applicants of life and health insurance license. Their desire is to make sure that we raise the standard of insurance to the level where all agents know the product they represent, that all agents are well-versed and updated with changes and new issued in the health and life insurance industry and also knowing the proper ethics and professionalism of anyone working in the insurance business in Guam.

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Some of the purposes that the Mr. Salas' group wants to accomplish:

- a) Comprehensive licensing and continuing education for life and health insurance
- b) Attain professionalism in insurance industry in Guam
- c) Have the general agents commit to proper servicing their policy holders
- d) Have Guam Community College (GCC) consider to be an official CE program venue as well as the University of Guam (UOG)

Raymond Schnabel shared the same sentiments and offered to work together with the life group and the Commissioner and to come up with the uniform approach to make things happen.

The Commissioner commented that all must be licensed and we have to do away with 'grandfather' setup where exemption from licensing and/or continuing education are allowed based on being in the business for so long. He also stated that the authority to set up licensing tests and continuing education should be with the AIG Group for property and casualty and health insurance and the GAIFA Group for life and health but the enforcement will come from the Commissioner's Office.

The Commissioner invited both groups for another presentation of the progress on the project in the next Banking and Insurance Board meeting in May 2016.

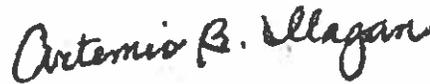
The meeting was adjourned at 3:35 pm. It was moved by Mr. Silva and seconded by Ms. Ada.

Prepared and submitted by:



**ALICE P. SEBASTIAN-CRUZ**  
Supervisor

Confirmed by:



**ARTEMIO B. ILAGAN**  
Commissioner

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