

I Mina'trentai Siette Na Liheslaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	FISCAL NOTES	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	NOTES
122-37 (COR)	Sabina Flores Perez Therese M. Terlaje Joanne Brown	AN ACT TO ADD §§ 15310.1 AND 15310.2, ALL OF CHAPTER 15, TITLE 22, GUAM CODE ANNOTATED, RELATIVE TO DECLARATION OF INSURANCE DIVIDENDS, AND INSURANCE LOANS AND ADVANCES.	5/16/23 2:40 p.m.						

I MINA'TRENTAI SIETTE NA LIHESLATURAN GUÅHAN
2023 (FIRST) Regular Session

Bill No. 122-37 (COR)

Introduced by:

Sabina Flores Perez *SFP*
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Joanne Brown

**AN ACT TO *ADD* §§ 15310.1 AND 15310.2, ALL OF
CHAPTER 15, TITLE 22, GUAM CODE ANNOTATED,
RELATIVE TO DECLARATION OF INSURANCE
DIVIDENDS, AND INSURANCE LOANS AND
ADVANCES.**

1 **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
3 that modernizing the practice of insurance on Guam and aligning it with the NAIC
4 best practices will provide added assurances and protection to consumers who
5 purchase life insurance, by further ensuring that licensed insurance producers keep
6 current best practices in the rapidly changing and evolving insurance industry.

7 It is therefore the intent of *I Liheslaturan Guåhan* to be unceasing, in the
8 constant process of improvement, to ensure that insurance producers apply updated
9 insurance practices that align with the industry standard NAIC best practices, to
10 protect the consumers who purchase insurance.

11 **Section 2.** A new Section 15310.1 of Chapter 15 of Title 22 Guam Code
12 Annotated is hereby *added* to read:

13 **“§ 15310.1. Requirements on Declaration of Dividends.**

1 (a) No domestic company may pay any extraordinary dividend or make
2 any other extraordinary distribution to its shareholders until:

3 (1) Thirty (30) days after the Commissioner has received notice of
4 the declaration thereof and has not within such period disapproved the
5 payment, or

6 (2) the Commissioner approves such payment within the thirty (30)-
7 day period.

8 (b) For purposes of this section, an extraordinary dividend or distribution
9 is any dividend or distribution of cash or other property whose fair market value,
10 together with that of other dividends or distributions, made within the period of
11 twelve (12) consecutive months ending on the date on which the proposed dividend
12 is scheduled for payment or distribution exceeds the greater of:

13 (1) 10% of the company's surplus as regards policyholders as of the
14 31st day of December next preceding, or

15 (2) the net income of the company for the twelve (12)-month period
16 ending the 31st day of December next preceding, but does not include pro rata
17 distributions of any class of the company's own securities.

18 (c) Notwithstanding any other provision of law, the company may declare
19 an extraordinary dividend or distribution which is conditional upon the
20 Commissioner's approval, and such a declaration confers no rights upon security
21 holders until:

22 (1) the Commissioner has approved the payment of the dividend or
23 distribution, or

24 (2) the Commissioner has not disapproved the payment within the
25 thirty (30)-day period referred to above.”

26 **Section 3.** A new Section 15310.2 of Chapter 15 of Title 22 Guam Code
27 Annotated is hereby *added* to read:

1 **“§ 15310.2. Loans and Advances**

2 No domestic company may make loans or advances to any Officer, Director,
3 Shareholder or affiliated company.”

4 **Section 4. Severability.** If any provision of this Act or its application to any
5 person or circumstance is found to be invalid or inorganic, such invalidity shall not
6 affect other provisions or applications of this Act which can be given effect without
7 the invalid provisions or application, and to this end the provisions of this Act are
8 severable.

9 **Section 5. Effective Date.** This Act shall be effective upon enactment.