

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) As amended by the Committee on Environment, Revenue and Taxation, Labor, Procurement, and Statistics, Research, and Planning; and substituted on the Floor	Sabina Flores Perez Therese M. Terlaje Joanne Brown	AN ACT TO ADD §§ 15310.1, 15310.2, AND 15310.3 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.	5/18/23	Committee on Environment, Revenue and Taxation, Labor, Procurement, and Statistics, Research, and Planning	Request: 5/18/23 6/8/23	9/21/23 8:30 a.m.	11/13/23 11:08 a.m.	As amended by the Committee on Environment, Revenue and Taxation, Labor, Procurement, and Statistics, Research, and Planning
	SESSION DATE	TITLE	DATE PASSED	TRANSMITTED	DUE DATE	PUBLIC LAW NO.	DATE SIGNED	NOTES	
	11/27/23	AN ACT TO ADD NEW §§ 15310.1, 15310.2, AND 15310.3 TO ARTICLE 3 OF CHAPTER 15, TITLE 22, GUAM CODE ANNOTATED, RELATIVE TO THE DECLARATION OF INSURANCE DIVIDENDS, LOANS, AND ADVANCES.	11/30/23	12/1/23	12/13/23	37-54	12/13/23	Received: 12/13/23 Messages and Communications Doc. No. 37GL-23-1337	

LOURDES A. LEON GUERRERO
GOVERNOR



JOSHUA F. TENORIO
LT. GOVERNOR

UFISINAN I MAGA'HĀGAN GUĀHAN
OFFICE OF THE GOVERNOR OF GUAM

Transmitted via email to: speaker@guamlegislature.org

December 13, 2023

HONORABLE THERESE M. TERLAJE, Speaker
I Mina'trentai Siette Na Liheslaturan Guåhan
37th Guam Legislature
Guam Congress Building
163 Chalan Santo Papa
Hagåtña, Guam 96910

37GL-23-1337
37GL-23-1338
OFFICE OF THE SPEAKER
THERESE M. TERLAJE

DEC 13 2023

Time: 4:54 pm
Received: SW

RECEIVE
12/14/23 3:37 pm
BR

Re: Substitute Bill No. 122-37 (COR) - AN ACT TO ADD NEW §§ 15310.1, 15310.2, and 15310.3 TO ARTICLE 3 OF CHAPTER 15, TITLE 22, GUAM CODE ANNOTATED, RELATIVE TO THE DECLARATION OF INSURANCE DIVIDENDS, LOANS, AND ADVANCES

Substitute Bill No. 123-37 (COR) - AN ACT TO ADD A NEW ARTICLE 9 TO CHAPTER 15 OF TITLE 22, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING INSURANCE ADJUSTER LICENSING REQUIREMENTS

Håfa Adai Madame Speaker,

Substitute Bills Nos. 122-37 and 123-37 seek to strengthen the stability and credibility of our island's insurance industry, with the ultimate goal of prioritizing and protecting consumers. Bill No. 122-37 imposes administrative review and approval of the distribution of extraordinary dividends, loans and advances by insurance companies, while Bill No. 123-37 delineates stricter and clearer licensing requirements for insurance adjusters, and creates temporary licensure processes for foreign adjusters deployed in the event of natural disasters or catastrophes.

The remittance of shareholder dividends and distributions is regulated throughout the nation to ensure the solvency of insurance companies and the stability of the overall insurance market. Bill No. 122-37 gives Guam's Commissioner of Banking and Insurance oversight over the distribution of extraordinary insurance dividends, loans and advances, empowering our Commissioner to consider insurer income, surplus, and earned surplus in determining if the distribution of the extraordinary insurance dividends, loans and advances are appropriate. While it is impossible to predict the future of an insurance company's finances, the occurrence of natural disasters, or the potential for another global pandemic, by imposing these regulations, we endeavor to safeguard Guam's insurance industry's current health and future stability.

Bill No. 123-37 further imposes licensing requirements for insurance adjusters, which prior Guam law did not specifically address. This bill requires insurance adjusters to comply with continuing education requirements, and to pass pre-licensing and final licensing examinations. Bill No. 123-37 provides a two (2)-year licensure period for eligible individual insurance and business entity adjusters,

To: Therese M. Terlaje, *Speaker*, 37th Guam Legislature
Fr: Lourdes A. Leon Guerrero, *Governor of Guam*
Date: December 13, 2023
Re: Substitute Bill No. 122-37 (COR) nka P.L. 37-54; Substitute Bill No. 123-37 (COR) nka P.L. 37-55

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and authorizes temporary licensure for adjusters deployed for emergency or catastrophic claims for an initial period of one hundred twenty (120) days, with an opportunity to extend.

Given the prevalence of natural disasters in our region, we must take steps to develop the regulatory framework governing the provision of insurance services on our island, to help prepare and protect our community in the event of future calamities.

For these reasons, I am signing Substitute Bill No. 122-37 (COR) and Substitute Bill No. 123-37 (COR) into law as **Public Law No. 37-54** and **Public Law No. 37-55**, respectively.

Senseramente,



LOURDES A. LEON GUERRERO

Maga'hågan Guåhan

Governor of Guam

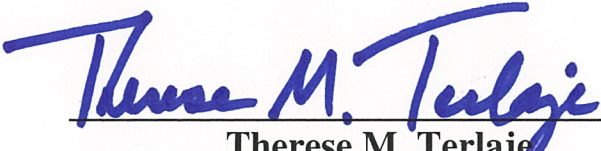
Enclosure: Substitute Bill No. 122-37 (COR) nka P.L. 37-54
Substitute Bill No. 123-37 (COR) nka P.L. 37-55

cc via email: *Honorable* Joshua F. Tenorio, *Sigundo Maga'låhen Guåhan*, Lt. Governor of Guam
Compiler of Laws

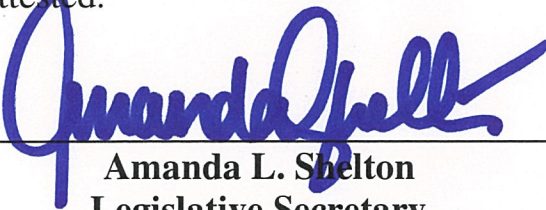
I MINA 'TRENTAI SIETTE NA LIHESLATURAN GUÅHAN
2023 (FIRST) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'HÅGAN GUÅHAN

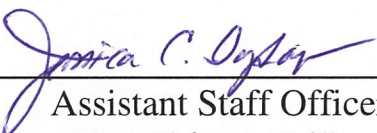
This is to certify that **Substitute Bill No. 122-37 (COR)**, "AN ACT TO ADD NEW §§ 15310.1, 15310.2, AND 15310.3 TO ARTICLE 3 OF CHAPTER 15, TITLE 22, GUAM CODE ANNOTATED, RELATIVE TO THE DECLARATION OF INSURANCE DIVIDENDS, LOANS, AND ADVANCES," was on the 30 day of Nov. 2023, duly and regularly passed.


Therese M. Terlaje
Speaker

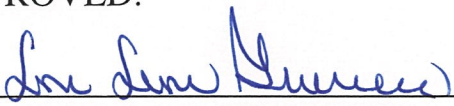
Attested:


Amanda L. Shelton
Legislative Secretary

This Act was received by *I Maga'hågan Guåhan* this 1st day of December 2023, at 3:23 o'clock P.M.


Assistant Staff Officer
Maga'håga's Office

APPROVED:


Lourdes A. Leon Guerrero
I Maga'hågan Guåhan

Date: 12/13/23

Public Law No. 37-54

2023-20407
OFFICE OF THE GOVERNOR
CENTRAL FILES
Jessica Dydasco
RECEIVED BY
TIME 3:23 PM DATE 12/13/23

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

Bill No. 122-37 (COR)

As amended by the Committee on Environment,
Revenue and Taxation, Labor, Procurement, and
Statistics, Research, and Planning; and
substituted on the Floor.

Introduced by:

Sabina Flores Perez
Therese M. Terlaje
Joanne Brown
Chris Barnett
Frank Blas, Jr.
Christopher M. Dueñas
Thomas J. Fisher
Jesse A. Lujan
Tina Rose Muña Barnes
William A. Parkinson
Roy A. B. Quinata
Joe S. San Agustin
Dwayne T.D. San Nicolas
Amanda L. Shelton
Telo T. Taitague

**AN ACT TO ADD NEW §§ 15310.1, 15310.2, AND 15310.3
TO ARTICLE 3 OF CHAPTER 15, TITLE 22, GUAM
CODE ANNOTATED, RELATIVE TO THE
DECLARATION OF INSURANCE DIVIDENDS, 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 for more than a decade, Guam's Insurance Commissioners have recognized the
4 need to modernize Guam's Insurance Law, as a matter of necessity, in order to

1 protect consumers. One important safeguard is ensuring that insurance companies
2 maintain required levels of capital and surplus for their policyholders through
3 several measures, including regulating the distribution of extraordinary dividends,
4 and other distributions, loans, and advances in order to ensure the solvency of
5 insurers.

6 Therefore, it is the intent of *I Liheslaturan Guåhan* to promote the financial
7 health of insurers by regulating the distribution of extraordinary dividends, and other
8 distributions, loans, and advances in order to advance consumer protection and a
9 level playing field within the insurance sector.

10 **Section 2.** A new § 15310.1 is hereby *added* to Article 3 of Chapter 15, Title
11 22, Guam Code Annotated, to read:

12 **“§ 15310.1. Requirements on Declaration of Dividends.**

13 (a) In accordance to rules and regulations promulgated by the
14 Commissioner pursuant to the Administrative Adjudication Law found in
15 Chapter 9, Title 5 Guam Code Annotated, no domestic company may pay any
16 extraordinary dividend or make any other extraordinary distribution to its
17 shareholders until:

18 (1) thirty (30) days after the Commissioner has received
19 notice of the declaration thereof and has not within such period
20 disapproved the payment; or

21 (2) the Commissioner approves such payment within the
22 thirty (30)-day period.

23 (b) For purposes of this Section, an extraordinary dividend or
24 distribution is any dividend or distribution of cash or other property whose
25 fair market value, together with that of other dividends or distributions, made
26 within the period of twelve (12) consecutive months ending on the date on

1 which the proposed dividend is scheduled for payment or distribution exceeds
2 the lesser of:

3 (1) ten percent (10%) of the company's surplus as regards to
4 policyholders as of the 31st day of December next preceding; or

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

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

13 (1) the Commissioner has approved the payment of the
14 dividend or distribution; or

15 (2) the Commissioner has not disapproved the payment within
16 the thirty (30)-day period referred to in this Section.”

17 **Section 3.** A new § 15310.2 is hereby *added* to Article 3 of Chapter 15, Title
18 22, Guam Code Annotated, to read:

19 **“§ 15310.2. Loans and Advances.**

20 No domestic company may make loans or advances to any Officer,
21 Director, Shareholder or affiliated company without prior approval by the
22 Insurance Commissioner in accordance to the rules and regulations
23 promulgated by the Commissioner pursuant to the Administrative
24 Adjudication Law found in Chapter 9, Title 5, Guam Code Annotated.”

25 **Section 4.** A new § 15310.3 is hereby *added* to Article 3 of Chapter 15 of
26 Title 22, Guam Code Annotated, to read:

1 **“§ 15310.3. Request Disapproval; Written Demand for a Hearing to**
2 **Determine the Reasonableness of the Disapproval.**

3 In the event that the Commissioner of Banking and Insurance disapproves the
4 request for the distribution of extraordinary dividends and/or loans and advances
5 outlined in §§ 15320.1 and 15310.2, respectively, the Commissioner of Banking
6 and Insurance shall notify the person in writing, advising of the reason for the
7 disapproval. The person whose request was denied may make written demand upon
8 the Commissioner of Banking and Insurance pursuant to Chapter 9, Title 5, Guam
9 Code Annotated, for a hearing before the Commissioner of Banking and Insurance
10 to determine the reasonableness of the disapproval. The hearing shall be held
11 pursuant to the Administrative Adjudication Law found in Chapter 9, Title 5, Guam
12 Code Annotated.”

13 **Section 5. Promulgation of Rules and Regulations.** The Banking and
14 Insurance Commissioner shall promulgate rules and regulations in compliance with
15 the Administrative Adjudication Law found in Chapter 9, Title 5, Guam Code
16 Annotated, within one hundred eighty (180) days upon enactment of this Act.

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

22 **Section 7. Effective Date.** This Act shall be effective upon enactment.