



CARL T.C. GUTIERREZ  
GOVERNOR OF GUAM

MAR 05 1998

Refer to  
Legislative Secretary

The Honorable Antonio R. Unpingco  
Speaker  
Twenty-Fourth Guam Legislature  
Guam Legislature Temporary Building  
155 Hesler Street  
Agana, Guam 96910

Dear Speaker Unpingco:

Enclosed please find a copy of Substitute Bill No. 482 (COR), "AN ACT TO AMEND SUBSECTION (f) OF §18301, OF TITLE 22, OF THE GUAM CODE ANNOTATED, RELATIVE TO INSURANCE POLICY UNDER THE INSURANCE LAW", which was vetoed by the Governor and subsequently overridden by the Legislature. This legislation is now designated as **Public Law No. 24-144**.

Very truly yours,

  
Carl T. C. Gutierrez

Attachment 00687

cc: The Honorable Joanne M. S. Brown  
Legislative Secretary

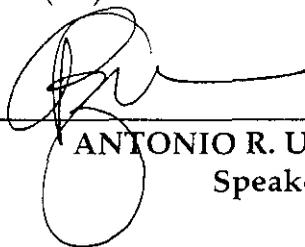
OFFICE OF THE LEGISLATIVE SECRETARY	
ACKNOWLEDGMENT RECEIPT	
Received By	
Time	4:44pm
Date	3.5.98

Office of the Speaker  
ANTONIO R. UNPINGCO  
Date: 3-5-98  
Time: 1:50p  
ker'd by:   
Print Name: Charlene Duenas

TWENTY-FOURTH GUAM LEGISLATURE  
1998 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Substitute Bill No. 482 (COR), "AN ACT TO AMEND SUBSECTION (f) OF §18301, OF TITLE 22, OF THE GUAM CODE ANNOTATED, RELATIVE TO INSURANCE POLICY UNDER THE INSURANCE LAW," returned without approval of the Governor, was reconsidered by the Guam Legislature and after such consideration, did agree, on the 27<sup>th</sup> day of February, 1998, to pass said bill notwithstanding the veto of the Governor by a vote of twenty-one (21) members.



---

ANTONIO R. UNPINGCO  
Speaker

Attested:



---

JOANNE M.S. BROWN  
Senator and Legislative Secretary

-----  
This Act was received by the Governor this 4th day of March, 1998<sup>th</sup>, at  
8:49 o'clock 9 .M.



---

Assistant Staff Officer  
Governor's Office

**TWENTY-FOURTH GUAM LEGISLATURE**  
**1998 (SECOND) Regular Session**

**Bill No. 482 (COR)**

As Substituted by the  
Committee on Finance & Taxation and  
as amended on the Floor.

Introduced by:

V. C. Pangelinan  
J. Won Pat-Borja  
A. C. Blaz  
T. C. Ada  
F. B. Aguon, Jr.  
E. Barrett-Anderson  
J. M.S. Brown  
Felix P. Camacho  
Francisco P. Camacho  
M. C. Charfauros  
E. J. Cruz  
W. B.S.M. Flores  
Mark Forbes  
L. F. Kasperbauer  
A. C. Lamorena, V  
C. A. Leon Guerrer  
L. Leon Guerrero  
J. C. Salas  
A. L.G. Santos  
F. E. Santos  
A. R. Unpingco

**AN ACT TO AMEND SUBSECTION (f) OF §18301,  
OF TITLE 22, OF THE GUAM CODE  
ANNOTATED, RELATIVE TO INSURANCE  
POLICY UNDER THE INSURANCE LAW.**

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

2           **Section 1. Legislative Findings.** The Guam Legislature finds that it is  
3 in the best interest of the people of Guam to require insurance companies to  
4 exclude as a basis in the premium of real; property insurance the appraised  
5 value of the land.

6           **Section 2.** Subsection (f) of §18301, Title 22 of the Guam Code  
7 Annotated is hereby amended to read as follows:

8                   "(f) Either the statement of the Premium or if the insurance is of  
9 a character where the exact premium is only determinable upon the  
10 termination of the contract, a statement of the basis and rates upon  
11 which the final premium is to be determined and paid. Such premium  
12 shall exclude as a basis, the appraised value of the land."



CARL T.C. GUTIERREZ  
GOVERNOR OF GUAM

Refer to  
Legislative Secretary

FEB 23 1998

The Honorable Antonio R. Unpingco  
Speaker  
Twenty-Fourth Guam Legislature  
Guam Legislature Temporary Building  
155 Hesler Street  
Agana, Guam 96910

Office of the Speaker  
ANTONIO R. UNPINGCO  
Date: 2/23/98  
Time: 2:05 pm  
Rec'd by: Raymond F. Blas  
Print Name: Raymond F. Blas

Dear Speaker Unpingco:

Enclosed please find Substitute Bill No. 482 (COR), "AN ACT TO AMEND SUBSECTION (f) OF §18301, OF TITLE 22, OF THE GUAM CODE ANNOTATED, RELATIVE TO INSURANCE POLICY UNDER THE INSURANCE LAW", which I have vetoed.

This legislation is substantially the same as Bill No. 100, introduced into the Twenty-Fourth Guam Legislature and passed on June 7, 1997 and vetoed on June 24, 1997.

Although some of the specific objections contained in Bill No. 100 were removed, this legislation is still unacceptable. First, there was no testimony from anyone in the insurance industry at the public hearing on Bill No. 482. Second, the Insurance Commissioner of Guam testified that it is currently the practice for insurance companies to exclude the value of land in writing insurance.

The amendment in this Bill requires that the exclusion of the value of land must be included in the statement of insurance premium. The legislation seems to require new appraisals to be done on any real property when any statement of premium is rendered by an insurance company.

Very truly yours,

Carl T. C. Gutierrez

Attachment

00669

cc: The Honorable Joanne M. S. Brown  
Legislative Secretary

Toni Gumatator  
4:00 p.m.  
2-23-98

TWENTY-FOURTH GUAM LEGISLATURE  
1998 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

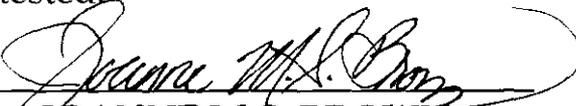
This is to certify that Substitute Bill No. 482 (COR), "AN ACT TO AMEND SUBSECTION (f) OF §18301, OF TITLE 22, OF THE GUAM CODE ANNOTATED, RELATIVE TO INSURANCE POLICY UNDER THE INSURANCE LAW," was on the 4<sup>th</sup> day of February, 1998, duly and regularly passed.



---

ANTONIO R. UNPINGCO  
Speaker

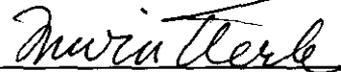
Attested:



---

JOANNE M.S. BROWN  
Senator and Legislative Secretary

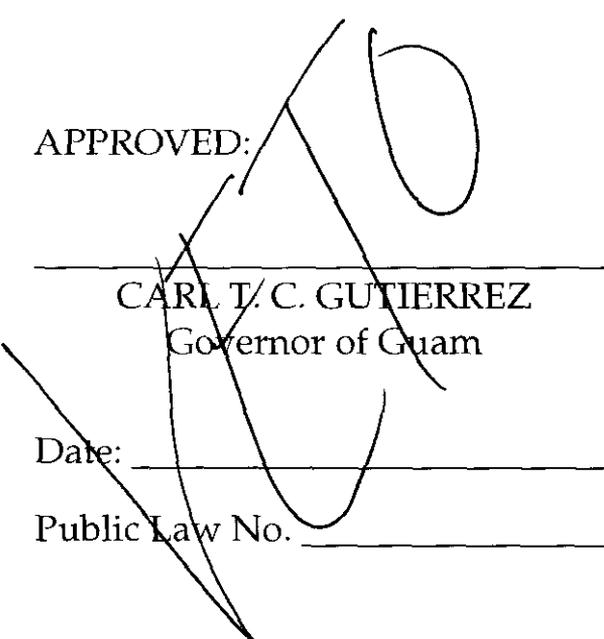
-----  
This Act was received by the Governor this 11<sup>th</sup> day of February, 1998, at  
1:20 o'clock P.M.



---

Maria Clerk  
Assistant Staff Officer  
Governor's Office

APPROVED:



---

CARL T. C. GUTIERREZ  
Governor of Guam

Date: \_\_\_\_\_

Public Law No. \_\_\_\_\_

PL 24/144



TWENTY-FOURTH GUAM LEGISLATURE

# Office of the Vice-Speaker

ANTHONY C. BLAZ

**LEGISLATIVE  
COMMITTEE  
MEMBERSHIP**

Chairman  
Finance & Taxation

Vice-Chairman  
Rules,  
Government Reform  
& Federal Affairs

Education

Natural Resources

Health &  
Human Services

Tourism, Economic  
Development & Cultural  
Affairs

Judiciary,  
Public Safety &  
Consumer Protection

Transportation,  
Telecommunications, &  
Micronesian Affairs

**MEMBERSHIP**

Guam Finance  
Commission

Commission on Self  
Determination

January 27, 1998

The Honorable Speaker Antonio R. Unpingco  
24th Guam Legislature  
155 Hesler Street  
Agana, Guam 96910

Dear Mr. Speaker:

The Committee on Finance and Taxation, to which was referred Bill No. 482, "AN ACT TO AMEND SUBSECTION (F) OF §18301, TITLE 22, GUAM CODE ANNOTATED, RELATIVE TO INSURANCE POLICY UNDER THE INSURANCE LAW," herein reports back with the recommendation **TO DO PASS.**

Votes of the committee members are as follows:

11 To Pass

\_\_\_\_\_ Not To Pass

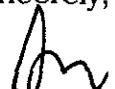
\_\_\_\_\_ To Place in Inactive File

\_\_\_\_\_ Abstained

\_\_\_\_\_ Off-Island

\_\_\_\_\_ Not Available

Sincerely,

  
Anthony C. Blaz

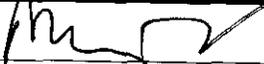
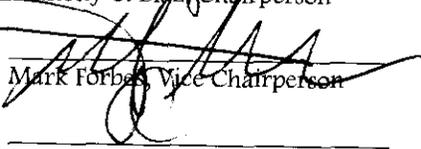
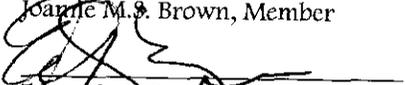
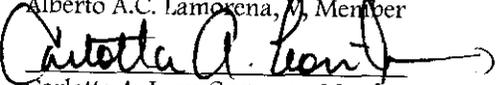
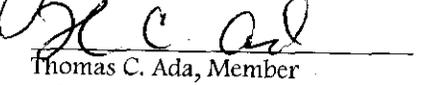
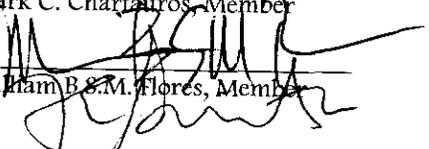
# Committee on Finance and Taxation

Vote Sheet on

Bill No. 482

"AN ACT TO AMEND SUBSECTION (F) OF §18301, TITLE 22, GUAM CODE ANNOTATED, RELATIVE TO INSURANCE POLICY UNDER THE INSURANCE LAW."



 Anthony C. Blaz, Chairperson	✓			
 Mark Forbes, Vice Chairperson	✓			
Antonio R. Unpingco, Ex-Officio				
Elizabeth Barrett-Anderson, Member				
Joanne M.S. Brown, Member				
 Eduardo J. Cruz, Member	✓			
 Lawrence F. Kasperbauer, Member	X			
Alberto A.C. Lamorena, Member				
 Carlotta A. Leon Gurrero, Member	✓			
 John C. Salas, Member	✓			
 Thomas C. Ada, Member	✓			
Mark C. Charfauros, Member				
 William B.S.M. Flores, Member	✓			
Francis E. Santos, Member				

Committee on Finance and Taxation  
Report on Bill No. 482

"AN ACT TO AMEND SUBSECTION (F) OF §18301, TITLE 22, GUAM CODE ANNOTATED, RELATIVE TO INSURANCE POLICY UNDER THE INSURANCE LAW."

**PUBLIC NOTICE:**

Pursuant to the requirements of the Standing Rules, notice of the Public Hearing on Bill No. 482 was published in the Pacific Daily News on April 19 and April 23, 1997.

**PUBLIC HEARING:**

The Committee on Finance and Taxation conducted a public hearing on Monday, April 23, 1997 to hear testimonies on Bill No. 482, "AN ACT TO AMEND SUBSECTION (F) OF §18301, TITLE 22, GUAM CODE ANNOTATED, RELATIVE TO INSURANCE POLICY UNDER THE INSURANCE LAW."

The public hearing was held in the Legislative Public Hearing Room.

**MEMBERS PRESENT:**

The hearing was called to order by the Chairperson of the Committee on Finance and Taxation, Vice Speaker Anthony C. Blaz. Committee members present were:

Senator Edwardo J. Cruz, MD  
Senator William B.S.M. Flores  
Senator Thomas Ada  
Senator Mark Charfauros  
Senator Lawrence F. Kasperbauer

Other Senators present were:

Senator Vicente C. Pangelinan  
Senator Judith Won Pat-Borja  
Senator Frank B. Aguon, Jr.  
Senator Lou Leon Guerrero

Providing Public Testimony on the Bill:

Joseph T. Duenas - Director,  
Department of Revenue & Taxation (written)

## BACKGROUND:

Senator Pangelinan, author of Bill 482, summarized the intention of the bill. In his outline he specified at looking at ways of trying to get the Federal Government to lower homeowners' insurance in Guam and to find out the established practice by the different banks with regards to the real estate side of the home that sometimes require an individual to insure for the full value of the loan when you purchase a house. By eliminating that portion of the loan, the individual has the opportunity to reduce the cost of homeowners' insurance.

Joseph Duenas, Director of Revenue and Taxation, In his written statement testified against Bill 482. In his comments he announced that " It is the insurance industry practice not to include the value of land in computing the property insurance or sum insured for a structure or building."

## FINDINGS:

The Committee finds that:

- Insurance policies must indicate the basis of the premium in the case of real property insurance excludes the appraised value of the land.
- the benefit of the bill is to exclude the value of the land from the insurance coverage therefore reducing the premium of the insurance because it will cover those values that are at risk to loss, such as improvements, at the same time provides "Truth in Insurance" disclosure by statute.

## COMMITTEE RECOMMENDATION:

The Committee, having conducted a sufficient hearing, does hereby recommend to the Legislature to do pass Bill 482- "AN ACT TO AMEND SUBSECTION (F) OF §18301, TITLE 22, GUAM CODE ANNOTATED, RELATIVE TO INSURANCE POLICY UNDER THE INSURANCE LAW."

# REVENUE AND TAXATION

GOVERNMENT OF GUAM

APR 23 1997

Honorable Anthony C. Blaz  
Chair  
Committee on Finance and Taxation  
Twenty-Fourth Guam Legislature  
Agana, Guam 96932

Re: Bill No. 100 "An Act To Amend Section 43350, Article III, Chapter III, Title XXXIX, Government Code Relative To Insurance Policy Under The Insurance Law".

Dear Senator Blaz:

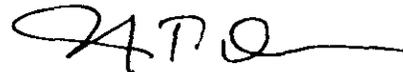
My name is Joseph T. Duenas. I am the Director of the Department of Revenue and Taxation and Ex Officio Insurance Commissioner.

I do not support Bill No. 100 at this time. It is the insurance industry practice not to include the value of the land in computing the property insurance or sum insured for a structure or a building.

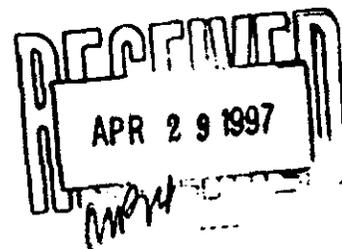
When a real property is appraised by a Guam licensed appraiser the value of the land is excluded in the computation of the sum insured. In addition, I would like to point out that the cost of foundations or other supports below the surface of the basement floor or below the surface of the ground are also excluded.

For the reasons stated above I do not support Bill No. 100 at this time.

Sincerely,



JOSEPH T. DUENAS



**FISCAL NOTE**  
**BUREAU OF BUDGET AND MANAGEMENT RESEARCH**

BBMR-F7  
 DATE: 03 15 1997

Bill Number: 100  
 Amendatory Bill: Yes

Date Received: February 19, 1997  
 Date Reviewed: March 4, 1997

Department/Agency Affected: Department of Revenue & Taxation

Department/Agency Head: Joseph Duenas, Director

Total FY Appropriation to Date: \$10,530,201

Bill Title (preamble): AN ACT TO AMEND SECTIONS 43350, ARTICLE III, CHAPTER III, TITLE XXXIX, GOVERNMENT CODE RELATIVE TO INSURANCE POLICY UNDER THE INSURANCE LAW.

Change in Law: Amends sections 43350, Article III, Chapter III, Title XXXIX, Government Code.

Bill's Impact on Present Program Funding:

Increase \_\_\_\_\_ Decrease \_\_\_\_\_ Reallocation \_\_\_\_\_ No Change XXX

Bill is for:

Operations \_\_\_\_\_ Capital Improvement \_\_\_\_\_ Other XXX

**FINANCIAL/PROGRAM IMPACT**

ESTIMATED SINGLE-YEAR FUND REQUIREMENTS (Per Bill)			
PROGRAM CATEGORY	GENERAL FUND	OTHER	TOTAL
<i>Economics &amp; Finance</i>	<i>1/</i>		

ESTIMATED MULTI-YEAR FUND REQUIREMENTS (Per Bill)						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL	<i>1/</i>					
OTHER						
TOTAL						

FUNDS ADEQUATE TO COVER INTENT OF THE BILL? Yes - IF NO, ADD'L AMOUNT REQUIRED \$ \_\_\_\_\_

AGENCY/PERSON/DATE CONTACTED: Department of Revenue & Taxation/ John Camacho/ March 4, 1997

ESTIMATED POTENTIAL MULTI-YEAR REVENUES						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL FUND	<i>1/</i>					
OTHER						
TOTAL						

ANALYST M. Dizon

DATE 3/4/97

DIRECTOR Joseph E. Rivera, Acting

DATE MAR 07 1997

FOOTNOTES: See attached.

11

*Bill 100 proposes to establish that the basis of premiums for property insurance excludes the appraised value of the land. According to John Camacho, Administrator for the Insurance, Banking and Securities section of the Department of Revenue & Taxation, the intent of the bill is to lower the premiums for property insurance. The direct benefit is given to the consumers which may indirectly affect the general fund in increased spending power for taxpayers. However, it appears that there will no significant effect to the government of Guam's general fund.*