



Senator Michael F.Q. San Nicolas

Chairman - Committee on Aviation, Ground Transportation,
Regulatory Concerns and Future Generations
I Mina'trentai Dos Na Liheslaturan Guåhan | 32nd Guam Legislature



May 20, 2013

The Honorable Judith T. Won Pat, Ed.D.
Speaker
I Mina'Trentai Dos na Liheslaturan Guåhan
155 Hesler Place
Hagatna, Guam 96910

VIA: The Honorable Rory J. Respicio
Chairman
Committee on Rules, Federal, Foreign & Micronesian Affairs,
Human & Natural Resources, and Election Reform

RE: Committee Report on Bill No. 64-32 (COR), As Substituted by the Committee

Dear Speaker Won Pat,

Håfa adai! Transmitted herewith is the committee report on Bill No. 64-32 (COR), as substituted by the Committee on Aviation, Ground Transportation, Regulatory Concerns and Future Generations – “AN ACT TO ADD A NEW ARTICLE 2 TO CHAPTER 12, DIVISION 2, TITLE 22 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE LICENSING OF SERVICE CONTRACTS SOLD ON GUAM.”

Committee votes are as follows:

- 4 TO DO PASS
- _____ TO NOT PASS
- 4 TO REPORT OUT ONLY
- _____ TO ABSTAIN
- _____ TO PLACE IN INACTIVE FILE

2013 MAY 20 AM 10:42

Respectfully,

MICHAEL F.Q. SAN NICOLAS



Senator Michael F.Q. San Nicolas

Chairman - Committee on Aviation, Ground Transportation,
Regulatory Concerns and Future Generations
I Mina'trentai Dos Na Liheslaturan Guåhan | 32nd Guam Legislature



COMMITTEE REPORT

BILL NO. 64-32 (COR) AS SUBSTITUTED BY THE COMMITTEE

AN ACT TO ADD A NEW ARTICLE 2 TO CHAPTER 12, DIVISION 2, TITLE 22 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE LICENSING OF SERVICE CONTRACTS SOLD ON GUAM.



Senator Michael F.Q. San Nicolas

Chairman - Committee on Aviation, Ground Transportation,
Regulatory Concerns and Future Generations
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May 20, 2013

MEMORANDUM

TO: All Members
Committee on Aviation, Ground Transportation,
Regulatory Concerns and Future Generations

RE: **Committee Report on Bill No. 64-32 (COR), As Substituted by the Committee**

Håfa adai! Transmitted herewith for your consideration is the Committee Report on Bill No. 64-32 (COR), as substituted by the Committee – “AN ACT TO ADD A NEW ARTICLE 2 TO CHAPTER 12, DIVISION 2, TITLE 22 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE LICENSING OF SERVICE CONTRACTS SOLD ON GUAM.”

This report includes the following:

- Committee Voting Sheet
- Report Digest
- Copy of Bill No. 64-32 (COR), As Introduced
- Copy of Bill No. 64-32 (COR), As Substituted
- Public Hearing Sign-in Sheet
- Copy of COR Referral of Bill No. 64-32 (COR)
- Request for Fiscal Note
- Notices of Public Hearing
- Copy of the Public Hearing Agenda
- Public Testimony

Please take the appropriate action on the attached voting sheet. Your attention to this matter is greatly appreciated. Should you have any questions or concerns, please do not hesitate to contact my office.

Respectfully,


MICHAEL F.Q. SAN NICOLAS



Senator Michael F.Q. San Nicolas

Chairman - Committee on Aviation, Ground Transportation,
Regulatory Concerns and Future Generations
I Mina'trentai Dos Na Liheslaturan Guåhan | 32nd Guam Legislature



COMMITTEE VOTING SHEET

Bill No. 64-32 (COR), as Substituted by the Committee – “AN ACT TO ADD A NEW ARTICLE 2 TO CHAPTER 12, DIVISION 2, TITLE 22 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE LICENSING OF SERVICE CONTRACTS SOLD ON GUAM.”

	SIGNATURE	TO DO PASS	TO NOT PASS	TO REPORT OUT ONLY	TO ABSTAIN	TO PLACE IN INACTIVE FILE
Senator Michael F.Q. San Nicolas Chairman 5/20/13				✓		
Senator Thomas C. Ada Vice Chairman				✓		
Speaker Judith T. Won Pat, Ed.D. Member						
Vice Speaker Benjamin J.F. Cruz Member		✓ 5/20/13				
Senator Tina Rose Muña Barnes Member		✓				
Senator Vicente C. Pangelinan Member		✓				
Senator Rory J. Respicio Member		✓ 5/20/13				
Senator V. Anthony Ada Member				✓ 5/20/13		
Senator Aline A. Yamashita, Ph.D. Member				✓ 5/20/13		



Senator Michael F.Q. San Nicolas

Chairman - Committee on Aviation, Ground Transportation,
Regulatory Concerns and Future Generations
I Mina'trentai Dos Na Liheslaturan Guåhan | 32nd Guam Legislature



COMMITTEE REPORT DIGEST

I. OVERVIEW

Bill No. 64-32 (COR) was introduced on March 12, 2013 by Senator Vicente C. Pangelinan. The bill was subsequently referred by the Committee on Rules to the Committee on Aviation, Ground Transportation, Regulatory Concerns and Future Generations on March 12, 2013.

The Committee on Aviation, Ground Transportation, Regulatory Concerns and Future Generations convened a public hearing on April 8, 2013 at 10:06 a.m. in *I Liheslatura's* Public Hearing Room. Among the items on the hearing agenda was Bill No. 64-32 (COR). The hearing was adjourned at 10:55 a.m.

Public Notice Requirements

Public Hearing notices were disseminated via electronic mail to all senators and all main media broadcasting outlets on April 1, 2013, and again on April 4, 2013.

Senators Present

Senator Michael F.Q. San Nicolas, Chairman
Vice Speaker Benjamin J. Cruz, Committee Member
Senator Vicente C. Pangelinan, Committee Member
Senator V. Anthony Ada, Committee Member
Senator Brant McCreddie
Senator Thomas Morrison
Senator Michael Limtiaco

Public Testimony

Joey Crisostomo, Cars Plus
Van Shelly, Nissan Motors
Philippe Gerling, Nissan Motors
Jay Jones, Triple J and Guam Automobile Dealers' Association
Martin Deinart, Blair, Sterling and Johnson

Written Testimony

Artemio Illagan, Banking and Insurance Commissioner
Jay Jones, Guam Automobile Dealers' Association
Joseph D. Fagan, Automotive Warranty Services, Inc.

II. TESTIMONY & DISCUSSION

Chairman Michael San Nicolas: Next on the agenda, we have Bill No. 64-32 introduced by Speaker Ben Pangelinan. On the bill, we do have four individuals who signed up to testify. I'd like to yield the floor to Speaker Pangelinan to introduce his bill for the hearing.

Senator Vicente Pangelinan: Thank you very much, Mister Chair. (*inaudible*) ... manufacturers and retailers on Guam relative to the products that they sell. The sale of service contracts, sometimes known as extended warranties, continues to happen on Guam. The Insurance Commissioner came out and basically ruled that, in order to sell a service contract, you have to be an insurance company or licensed under the insurance company regulations. This made it a little more onerous in normal practice within the industry. What Bill 64 does is clarify and carves out the sale of service contract as not requiring to be licensed under the insurance industry regulations but putting into a statutory framework the process for the licensing; the requirements of operation such as the contracts, the payments, the receipts, the guarantees that come along with it; as well as the financial viability and stability of the company selling these service contracts, so that they are able to perform what they promise to the consumers. That, in a nutshell, is what is intended by Bill 64-32.

Chairman San Nicolas: Thank you, Mister Speaker. Testifying on the bill, in order of sign up, is Mister Joey Crisostomo.

Mr. Joey Crisostomo: Good morning, Senators. I am the president of Cars Plus and Cycles Plus. We do sell many service contracts here on Guam. I am in support of the intent of this bill of service contracts not being considered an insurance product. However, I would like some time to review it. I do know that there are some comments we will have on this bill and we'll submit it in writing. We do have some comments and we will get them to you. As far as the intent, we are in support of it.

Chairman San Nicolas: Thank you, Mister Crisostomo. Mister Shelly.

Mr. Van Shelly: Thank you, Mister Chairman and Senators. Joey said "we", so I think you'll be probably hearing the same thing from all of us as the Guam Automobile Dealers Association (GADA) as far as the intent of the bill. We are in support but, as we read through it, we certainly have questions and we certainly would like the opportunity to be able to provide our input and how that legislation should be written. I will say that you learn something new every day. GADA would like time for us to get together, and we would like time for our counsel to get together, and all agree that it doesn't belong under insurance. GADA has been selling service contracts for years. I believe that all of us would say that we have no complaints in regards to the delivery of that service to our customers. Contracts are all being honored; there isn't an issue there. It's all a matter of where it should be placed if in fact there is a problem with where it is placed under insurance now. We just want some time to review this and provide our input.

Chairman San Nicolas: Thank you, Mister Shelly. Mister, Gerling.

Mr. Phillip Gerling: Thank you, Mister Chairman and Senators. Again, I am speaking as the general manager of Nissan and the vice-president of GADA. We support the intent of the bill. It came to us very late so we didn't have time to prepare and provide testimony at this hearing. We hope that there will be enough time for us to participate in that process. Thank you.

Chairman San Nicolas: Thank you, sir. Mister Jay Jones.

Mr. Jay Jones: Thank you, Mister Chairman and committee members. At the risk of sounding redundant, I think the turnout from the members of auto dealers community on Guam shows that we take the bill seriously and our request to let our providers, the contract providers, have some time to look over it. I have sent the document to Ford for them to look it over and get as much input as we can so we can speak with one voice and we know what we're talking about.

Chairman San Nicolas: Thank you, Mister Jones.

Mr. Martin Deinart: We assisted the extended warranty company that was originally told that it would be treated as insurance. In the past, these things were never treated as insurance. AWS did submit some of their comments on the bill that were directed to you and Senator Pangelinan. The only other comment I have is these extended warranties are not just for automobiles but a waffle iron that you buy. Thanks.

Chairman San Nicolas: Thank you very much, sir. I'd like to open now for any questions from any members of the Committee. Speaker Pangelinan.

Senator Pangelinan: Thank you very much. I just want to ensure GADA that this was not drafted in response to any complaints or anything with regards to consumers and their interaction with, most especially, the automobile industry. (*inaudible*)... organizations or companies that may want to sell service contracts, independent of manufacturers, the ability to charter themselves and protect the public in doing that. I do want to, again, state that this was not at all in response to any negative feedback or experience brought to my attention, or of individuals who have worked with the automobile industry and the dealers in honoring their contracts. It is to allow other entities who may want to sell service contracts for other products as well that may not be associated with a retailer or associated with a manufacturer. Thank you very much.

Chairman San Nicolas: Thank you, Speaker Pangelinan. Senator Ada.

Senator Tony Ada: On these service contracts, how does this work where if it isn't a service contract that is offered here by a dealer or a retailer, and it comes from an independent company that is offering a service contract, would you guys be honoring that as part of a repair on a vehicle?

Mr. Jones: I think the short answer would be that we wouldn't be obligated to honor it but we could make an agreement with those providers to honor those contracts. Unless it is from our manufacturers or someone that we have contracted with, then we wouldn't be obligated.

Senator Ada: I see. So, this would be more like a "buyer beware" then if a service contract is sold and they don't have an agreement with a dealership?

Mr. Jones: The provider would have to disclose to the buyer where their contract would be honored or where it could be used. So, yes, in that sense it would be a "buyer beware" to know what you're getting from the start.

Senator Ada: On these service contracts, is there something like a part goes down or a system goes down... on an extended, you pay for the warranty and there are no out of pocket expenses after that, does a service contract work in the same fashion?

Mr. Jones: It is basically the same product. There are different terms and conditions for different types of product but, in general, what you said is correct. Usually there is a co-payment, just like your health insurance, but the bulk of the repair, to cover the repair, under the contract would be of no expense.

Mr. Shelly: I'd just like to add to his comments that all of the service contracts usually have a defined area of coverage. The only place you'll see this is a military person who has bought an extended service contract in the United States and then come to Guam. I think I can speak safely for all of us, and in the interest of the Guam consumers, if it is not a service contract company that we represent, we will go out to that company and say, "This is the repair. This is the cost. This is the repair order invoice. This is the amount." If they'll honor it, we'll do it. We will jump through hoops to take care of you even though it might be out of a defined interest of coverage because usually that's a military person and we all want to

help them. Sometimes we have had to go back and forth a few times if it is an outside provider and we've pretty much gotten them done. This hasn't been an issue for the Guam consumer which is why you haven't heard of a complaint for our industry. We realize that there are other service contracts out there with other retail companies that electronics and other things that may be an issue but not for us.

Senator Ada: Thank you, Mister Shelly. Thank you, Mister Chairman.

Chairman San Nicolas: Thank you, Senator Ada. Any other Senators have any questions or comments? If none, I will invite the author of the bill to close if he would like to.

Senator Pangelinan: I want to thank GADA for being here and we look forward to any additional comments you may have that would improve the bill.

Mr. Crisostomo: What is the time frame for comments?

Chairman San Nicolas: Usually, it's for ten days afterward. I just want to ensure the industry that the Committee is very diligent. We don't rush anything out. If you guys have more information that you need to acquire or provide, we're going to be very open to working with you on that. If you have other things you need to share, the doors are wide open for that. This will conclude the hearing we are having on Bill 64-32.

III. FINDINGS AND RECOMMENDATIONS

Although it was suggested by the Guam Automobile Dealers' Association to remove the penalty, provided for in §12209(b), in its entirety, instead the time period has been changed from forty-five (45) days to sixty (60) days. This change is reflected in the substitute version provided by the Committee.

The Committee on Aviation, Ground Transportation, Regulatory Concerns and Future Generations hereby reports out Bill No. 64-32(COR), as substituted by the Committee on Aviation, Ground Transportation, Regulatory Concerns and Future Generations, with the recommendation TO REPORT OUT ONLY.

I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN
2013 (FIRST) REGULAR SESSION

Bill No. 64-37(COR)

Introduced by:

V.C. Pangelinan



2013 MAR 12 PM 12:25
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AN ACT TO ADD A NEW ARTICLE 2 TO CHAPTER 12,
DIVISION 2, TITLE 22 OF THE GUAM CODE
ANNOTATED, RELATIVE TO THE LICENSING OF
SERVICE CONTRACTS SOLD ON GUAM

BE IT ENACTED BY THE PEOPLE OF GUAM:

1 **SECTION 1. Legislative Statement and Intent.** *I Liheslaturan*
2 *Guåhan* finds that under current Guam law, the definition of insurance as
3 interpreted by the Insurance Commissioner classifies service contracts, also
4 known as extended warranties, as an insurance product. However service
5 contracts are being sold on Guam and are not being regulated by the
6 Department of Revenue and Taxation (DRT) regardless of the fact that the
7 DRT has opined that they are insurance products under Guam's definition
8 of insurance.
9 Thirty-six states have enacted legislation which expressly provides
10 that service contracts do not constitute insurance or that they are not subject
11 to the state's insurance laws. Three state departments of insurance have
12 informally opined that service contracts are not insurance contracts. Eleven
13 states have either enacted a framework making it clear that a service contract
14 is not subject to regulation as an insurance product in that state or have
15 informally opined as such.

1 **§ 12202. Definitions.**

2 (a) “Administrator” means a person appointed or designated by a
3 provider who administers service contracts and service contract plans on
4 behalf of the provider and subject to the requirements of this Chapter.

5 (b) “Commissioner” means the Insurance and Banking
6 Commissioner.

7 (c) “Consumer” means an individual who buys any tangible
8 personal property that is primarily for personal, family, or household use.

9 (d) “Non-original manufacturer’s parts” means replacement parts
10 not made for or by the original manufacturer of the property, commonly
11 referred to as “after market parts.”

12 (e) “Person” means an individual, limited liability partnership,
13 partnership, limited liability company, corporation, incorporated or
14 unincorporated association, joint stock company, reciprocal, syndicate, or
15 any similar entity or combination of entities acting in concert.

16 (f) “Service contract” for the purposes of this section means a
17 contract or agreement for a separately stated consideration for a specific
18 duration to perform the repair, replacement or maintenance of property or
19 indemnification for repair, replacement or maintenance, for the operational
20 or structural failure of any motor vehicle, residential or other property due to
21 a defect in materials, workmanship, accidental damage from handling, or
22 normal wear and tear, with or without additional provisions for incidental
23 payment of indemnity under limited circumstances, including but not limited
24 to, towing, rental and emergency road service and road hazard protection.
25 Service contracts may provide for repair, replacement, or maintenance of
26 property for damage resulting from power surges or interruption. Service

1 contracts also includes a contract or agreement sold for a separately stated
2 consideration for a specific duration that provides for any of the following:

3 (1) the repair or replacement or indemnification for the
4 repair or replacement of a motor vehicle for the operational or
5 structural failure of one or more parts or systems of the motor vehicle
6 brought about by the failure of an additive product to perform as
7 represented;

8 (2) the repair or replacement of tires and/or wheels on a
9 motor vehicle damaged as a result of coming into contact with road
10 hazards including but not limited to potholes, rocks, wood debris,
11 metal parts, glass, plastic, curbs or composite scraps;

12 (3) the removal of dents, dings, or creases on a motor vehicle
13 that can be repaired using the process of paint-less dent removal
14 without affecting the existing paint finish and without replacing
15 vehicle body panels, sanding, bonding or painting;

16 (4) the repair of small motor vehicle windshield chips or
17 cracks but which expressly excludes the replacement of the entire
18 windshield; or

19 (5) the repair of damage to the interior components of a
20 motor vehicle caused by wear and tear but which expressly excludes
21 the replacement of any part or component of a motor vehicle's
22 interior.

23 (g) "Service Contract Provider" means a person who is
24 contractually obligated to the service contract holder under the terms of the
25 service contract.

26 (h) "Service Contract Holder" or "contract holder" means a person
27 who is the purchaser or holder of a service contract.

1 (i) "Service Contract Seller" means the person who sells the
2 service contract to the consumer.

3 **§ 12203. License Required.**

4 It *shall* be unlawful for any person to act as, or offer to act as, or hold
5 himself or herself out to be a service contract provider, nor may a service
6 contract be sold to a consumer, unless the service contract provider has a
7 valid license as a service contract provider issued by the commissioner. A
8 service contract provider *shall* make an application to the commissioner
9 upon a form prescribed by the commissioner and *shall* pay to the
10 commissioner a fee as provided under this Article. A service contract
11 provider *shall* update the application information and documents annually
12 and furnish such updates to the commissioner. The application *shall* include
13 or be accompanied by the following information and documents:

14 (a) All basic organizational documents of the service contract
15 provider, including any articles of incorporation, articles of association,
16 partnership agreement, trade name certificate, trust agreement, shareholder
17 agreement, bylaws, and other applicable documents, and all amendments to
18 those documents;

19 (b) The identities of the service contract provider's executive
20 officers directly responsible for the service contract provider's service
21 contract business, and, if more than fifty percent of the service contract
22 provider's gross revenue is derived from the sale of service contracts, the
23 identities of the service contract provider's directors and stockholders having
24 beneficial ownership of ten percent or more of any class of securities;

25 (c) Audited annual financial statements or other financial reports
26 acceptable to the commissioner for the two most recent years which prove

1 that the applicant is solvent and any information the commissioner may
2 require in order to review the current financial condition of the applicant;

3 (d) An application fee of Two Hundred Fifty Dollars (\$250), which
4 must be deposited into the Better Public Service Fund; and

5 (e) Any other pertinent information required by the commissioner.

6 **§ 12204. Financial Responsibility.**

7 (a) Any service contract provider applying for a license *shall* be
8 solvent and *shall* meet minimum requirements under this section. If the
9 financial responsibility requirement under this paragraph is to be maintained
10 by the service contract provider's parent company, the parent company *shall*
11 guarantee the service contract provider's obligations under service contracts
12 sold by the service contract provider licensed under this Article.

13 (b) The service contract provider *shall*:

14 (1) Maintain a funded reserve account for all obligations
15 under service contracts issued and in force on Guam. The reserves
16 *shall* not be less than forty percent (40%) of the gross consideration
17 received from the sale of the service contract, less claims paid, for all
18 in force contracts. The reserve account *shall* be subject to examination
19 by the commissioner; and

20 (2) Place in trust with the commissioner, for all service
21 contracts issued and in force on Guam, a financial security deposit
22 having a value that is the larger of Forty Thousand Dollars
23 (\$40,000.00) or five percent (5%) of the gross consideration received,
24 less claims paid for the sale of the service contracts. The financial
25 security deposit *shall* consist of one of the following:

26 (i) a surety bond issued by an authorized surety;

1 (ii) securities of the type eligible for deposit by
2 authorized insurers on Guam;

3 (iii) cash;

4 (iv) a letter of credit issued by a qualified financial
5 institution; or

6 (v) another form of security authorized by the
7 commissioner by rule subject to the approval of *I Liheslaturan*
8 *Guåhan*.

9 **§ 12205. Powers and Duties.** The commissioner *shall*:

10 (a) receive applications for certification or license of service
11 contract providers;

12 (b) establish the procedure for processing applications made under
13 this Article;

14 (c) retain all applications and other records submitted to him or
15 her;

16 (d) maintain a registry of the names and addresses of persons
17 licensed under this Article;

18 (e) establish and collect fees as required by this Article;

19 (f) approve/disapprove applications for license;

20 (g) establish, suspend, revoke, or reprimand service contract
21 licenses; and

22 (h) perform the other duties necessary to implement this Article.

23 **§ 12206. Recordkeeping.**

24 (a) The service contract provider or service contract provider's
25 administrator *shall* keep accurate accounts, books, and records of all
26 transactions regulated under this Article.

1 (b) Accounts, books, and records maintained as required by this
2 section *shall* include the following:

3 (1) copies of each type of service contract sold;

4 (2) the name and address of each service contract holder, to
5 the extent that the name and address have been furnished by the
6 service contract holder;

7 (3) a list of the locations where the service contract
8 provider's service contracts are marketed, sold, or offered for sale;
9 and

10 (4) recorded claims filed which at a minimum *shall* contain
11 the date and description of each claim under the service contract
12 provider's service contracts.

13 (c) The service contract provider for each service contract *shall*
14 retain records required under this section for at least one year after coverage
15 under the contract has expired. A service contract provider discontinuing
16 business on Guam *shall* maintain records required under this section until it
17 provides the commissioner with satisfactory proof that the service contract
18 provider has discharged all contractual obligations to contract holders on
19 Guam.

20 (d) The records required under this section may be, but are not
21 required to be, maintained on a computer disk, computer drive or server or
22 other electronic recordkeeping technology. If records are maintained in a
23 form other than hard copy, the records *shall* be in a form allowing
24 duplication as legible hard copy at the request of the commissioner.

25 (e) Upon request of the commissioner, the service contract provider
26 *shall* make available to the commissioner all accounts, books, and records
27 concerning service contracts sold by the service contract provider reasonably

1 necessary to enable the commissioner to determine compliance or
2 noncompliance with this Article.

3 **§ 12207. Filing of Annual Report.**

4 (a) Every registered service contract provider must file an annual
5 report for the preceding calendar year with the commissioner on or before
6 July 1st of each year, or within any extension of the time the commissioner
7 for good cause may grant. The report must be in the form and contain those
8 matters as the commissioner prescribes and *shall* be verified by at least two
9 officers of the service contract provider or for service contract providers
10 with a single officer, the sole officer of service contract providers with a
11 single officer.

12 (b) At the time of filing the report, the service contract provider
13 must pay a filing fee of Twenty Five Dollars (\$25.00) which *shall* be
14 deposited into the Better Public Service Fund.

15 (c) As part of any investigation by the commissioner, the
16 commissioner may require a service contract provider to file monthly
17 financial reports whenever, in the commissioner's discretion, there is a need
18 to more closely monitor the financial activities of the service contract
19 provider. Monthly financial statements *shall* be filed with the commissioner
20 no later than the twenty-fifth (25th) day of the month following the month for
21 which the financial report is being filed. These monthly financial reports are
22 the internal financial statements of the service contract provider. The
23 monthly financial reports that are filed with the commissioner constitute
24 information that might be damaging to the service contract provider if made
25 available to its competitors, and therefore *shall* be kept confidential by the
26 commissioner. This information may not be made public or be subject to

1 subpoena, other than by the commissioner and then only for the purpose of
2 enforcement actions taken by the commissioner.

3 **§ 12208. Receipt and Disclosures.**

4 (a) Service contract providers *shall* provide purchasers of a service
5 contract with:

6 (1) A receipt for or other written evidence of the purchase of
7 the service contract that *shall* be provided to the service contract
8 holder;

9 (2) A copy of the service contract that *shall* be provided
10 within a reasonable period of time from the date of purchase; and

11 (3) Except for offers or sales of service contracts by
12 telephone, mail, or electronic means, a written copy of the basic terms
13 and conditions of the service contract to be made available to the
14 purchaser where the purchaser is physically present at the point of
15 sale.

16 (b) Service contracts *shall* be written in clear, understandable
17 language, and *shall* be printed or typed in a typeface and format that is easy
18 to read.

19 (c) All service contracts *shall*:

20 (1) State the name and address of the service contract
21 provider and the administrator of the service contract, if different from
22 the service contract provider;

23 (2) Identify the service contract seller and the service
24 contract holder, to the extent that the service contract holder has
25 furnished the service contract seller, administrator, or service contract
26 provider with that information;

27 (3) The terms of the sale, including the purchase price;

1 (4) The procedure the service contract holder must follow to
2 obtain service;

3 (5) Any deductible amount that applies;

4 (6) The specific merchandise and services to be provided,
5 and any limitations, exceptions, or exclusions;

6 (7) Where the service contract covers a motor vehicle,
7 whether the use of non-original manufacturer's parts is allowed;

8 (8) Any restrictions governing the transferability of the
9 service contract that apply;

10 (9) The terms, restrictions, or conditions governing the return
11 or cancellation of the service contract by either the service contract
12 provider or service contract holder prior to the service contract's
13 termination or expiration date;

14 (10) The obligations and duties of the service contract holder,
15 such as the duty to protect against any further damage, or to follow
16 owner's manual instructions; and

17 (11) A provision for, or exclusion of consequential damages
18 or pre-existing conditions that applies.

19 The information under subsections (1) and (2) *shall* not be required to
20 be preprinted on the service contract and *may* be added to the service
21 contract at the time of sale. The purchase price under subsection (3) *shall* not
22 be required to be preprinted on the service contract and *may* be negotiated
23 with the service contract holder at the time of sale.

24 **§ 12209. Returns and Refunds.**

25 (a) Service contracts *shall* state that the service contract holder may
26 return the contract within:

1 (1) Thirty (30) days of the date that the service contract was
2 mailed to the service contract holder;

3 (2) Twenty (20) days of the date the service contract was
4 delivered to the service contract holder, if the service contract was
5 delivered at the time of sale; or

6 (3) A longer time period as specified in the service contract.

7 (b) Upon return of the service contract to the service contract
8 provider within the applicable time period, and if no claim has been made
9 under the service contract prior to its return to the service contract provider,
10 the service contract *shall* be void and the service contract provider *shall*
11 refund to, or credit the account of, the service contract holder with the full
12 purchase price of the service contract. A ten percent (10%) penalty per
13 month *shall* be added to a refund that is not paid or credited within forty-five
14 (45) days after the return of the service contract to the service contract
15 provider.

16 (c) The right to void a service contract under subsection (b) *shall*
17 not be transferred and *shall* apply only to the original service contract
18 purchaser upon the terms and conditions provided in the contract and
19 consistent with this Article.

20 (d) Upon cancellation of a service contract by the service contract
21 provider, the service contract provider, at least five (5) days prior to
22 cancellation, *shall* mail to the service contract holder at the service contract
23 holder's last known address, a written prior notice of cancellation that states
24 the effective date of the cancellation; provided that prior notice under this
25 subsection *shall* not be required if cancellation is for:

26 (1) Nonpayment of the service contract provider's fee for the
27 service provided under the service contract;

1 (2) A material misrepresentation by the service contract
2 holder to the service contract provider; or

3 (3) A substantial breach of duties of the service contract
4 holder under the service contract, relating to a covered product or its
5 use.

6 **§ 12210. Prohibited Acts.**

7 (a) No service contract provider *shall* use in its name, the word
8 "insurance", "casualty", "surety", "mutual", or any other word descriptive of
9 the insurance, casualty, or surety business, or a name deceptively similar to
10 the name or description of any insurance or surety corporation, or to the
11 name of any other service contract provider; provided that the word
12 "guaranty" or similar word may be used by a service contract provider. This
13 section *shall* not apply to a service contract provider using any language
14 prohibited by this section in its name prior to July 1, 2013.

15 (b) A service contract provider or its representative *shall* not in its
16 service contracts or literature make, permit, or cause to be made, any false or
17 misleading statement, or deliberately omit any material statement that would
18 be considered misleading if omitted.

19 (c) No person *shall* condition a loan or the sale of any property on
20 the purchase of a service contract.

21 **§ 12211. Rules.** The commissioner *may* adopt rules to implement and
22 administer this Article pursuant to the Administration Adjudication Act.

23 **§ 12212. Enforcement.**

24 (a) The commissioner *may* take any action necessary or appropriate
25 to enforce this Article, and the rules adopted and orders issued hereunder.
26 The commissioner *may* conduct investigations and examinations of service
27 contract providers and administrators or other persons. If a service contract

1 provider has violated this Article, or rules or orders under this Article, the
2 commissioner *may* issue an order:

3 (1) Requiring a person to cease and desist from violating this
4 Article or rules or orders under this Article;

5 (2) Prohibiting a person from selling or offering for sale
6 service contracts in violation of this Article; or

7 (3) Imposing a civil penalty on a person or any combination
8 of the foregoing, as applicable.

9 **§ 12213. Effective Date.** This Act shall take effect upon its enactment
10 and apply prospectively.

11 **§ 12214. Severability.** *If* any provision of this Act or its application to
12 any person or circumstance is held invalid, the invalidity *shall not* affect
13 other provisions or applications of this Act which can be given effect
14 without the invalid provision or application and to this end the provisions of
15 this Act is severable.

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**I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN
2013 (FIRST) REGULAR SESSION**

Bill No. 64-32 (COR)

Introduced by:

V.C. Pangelinan

**As substituted by the Committee on
Aviation, Ground Transportation,
Regulatory Concerns, and Future
Generations**

**AN ACT TO ADD A NEW ARTICLE 2 TO CHAPTER 12,
DIVISION 2, TITLE 22 OF THE GUAM CODE ANNOTATED,
RELATIVE TO THE LICENSING OF SERVICE CONTRACTS
SOLD ON GUAM.**

BE IT ENACTED BY THE PEOPLE OF GUAM:

SECTION 1. Legislative Statement and Intent. *I Liheslaturan Guåhan*

1 finds that under current Guam law, the definition of insurance as interpreted by the
2 Insurance Commissioner classifies service contracts, also known as extended
3 warranties, as an insurance product. However service contracts are being sold on
4 Guam and are not being regulated by the Department of Revenue and Taxation
5 (DRT) regardless of the fact that the DRT has opined that they are insurance
6 products under Guam's definition of insurance.
7

8 Thirty-six states have enacted legislation which expressly provides that
9 service contracts do not constitute insurance or that they are not subject to the
10 state's insurance laws. Three state departments of insurance have informally
11 opined that service contracts are not insurance contracts. Eleven states have either
12 enacted a framework making it clear that a service contract is not subject to
13 regulation as an insurance product in that state or have informally opined as such.

1 **§ 12202. Definitions.**

2 (a) “Administrator” means a person appointed or designated by a
3 provider who administers service contracts and service contract plans on behalf of
4 the provider and subject to the requirements of this Chapter.

5 (b) “Commissioner” means the Insurance and Banking Commissioner.

6 (c) “Consumer” means an individual who buys any tangible personal
7 property that is primarily for personal, family, or household use.

8 (d) “Non-original manufacturer’s parts” means replacement parts not
9 made for or by the original manufacturer of the property, commonly referred to as
10 “after-market parts.”

11 (e) “Person” means an individual, limited liability partnership,
12 partnership, limited liability company, corporation, incorporated or unincorporated
13 association, joint stock company, reciprocal, syndicate, or any similar entity or
14 combination of entities acting in concert.

15 (f) “Reimbursement insurance policy” means a policy of insurance issued
16 to a service contract provider by an authorized insurer. Pursuant to this insurance
17 policy, the insurer agrees, for the benefit of the service contract holders, to
18 discharge all of the obligations and liabilities of the service contract provider under
19 the terms of the issued service contracts or in the event of non-performance by the
20 insured service contract provider. “All obligations and liabilities” include:

21 (1) the failure or inability of the insured service contract provider to
22 perform under the terms and conditions of the provider’s issued service
23 contracts; and

24 (2) in the event of cancellation, the service contract provider’s
25 failure or inability to the return of the unearned portion of the paid service
26 contract fee to the service contract holder.

1 (g) "Service contract" for the purposes of this section means a contract or
2 agreement for a separately stated consideration for a specific duration to perform
3 the repair, replacement or maintenance of property or indemnification for repair,
4 replacement or maintenance, for the operational or structural failure of any motor
5 vehicle, residential or other property due to a defect in materials, workmanship,
6 accidental damage from handling, or normal wear and tear, with or without
7 additional provisions for incidental payment of indemnity under limited
8 circumstances, including but not limited to, towing, rental and emergency road
9 service and road hazard protection. Motor vehicle manufacturer and original
10 equipment manufacturer (OEM)-backed contracts *shall* be exempt from the
11 requirements in this Article. Service contracts may provide for repair, replacement,
12 or maintenance of property for damage resulting from power surges or
13 interruption. Service contracts also include a contract or agreement sold for a
14 separately stated consideration for a specific duration that provides for any of the
15 following:

16 (1) the repair or replacement or indemnification for the repair or
17 replacement of a motor vehicle for the operational or structural failure of one
18 or more parts or systems of the motor vehicle brought about by the failure of
19 an additive product to perform as represented;

20 (2) the repair or replacement of tires and/or wheels on a motor
21 vehicle damaged as a result of coming into contact with road hazards
22 including but not limited to potholes, rocks, wood debris, metal parts, glass,
23 plastic, curbs or composite scraps;

24 (3) the removal of dents, dings, or creases on a motor vehicle that
25 can be repaired using the process of paint-less dent removal without
26 affecting the existing paint finish and without replacing vehicle body panels,
27 sanding, bonding or painting;

1 (4) the repair of small motor vehicle windshield chips or cracks but
2 which expressly excludes the replacement of the entire windshield; or

3 (5) the repair of damage to the interior components of a motor
4 vehicle caused by wear and tear but which expressly excludes the
5 replacement of any part or component of a motor vehicle's interior.

6 (h) "Service Contract Provider" means a person who is contractually
7 obligated to the service contract holder under the terms of the service contract.

8 (i) "Service Contract Holder" or "contract holder" means a person who is
9 the purchaser or holder of a service contract.

10 (j) "Service Contract Seller" means the person who sells the service
11 contract to the consumer.

12 (k) "Warranty" means a warranty made without consideration, solely by
13 the manufacturer, importer, or seller of property or services, that is not negotiated
14 or separated from the sale of the product and is incidental to the sale of the product,
15 that provides repair or replacement for defective parts, mechanical or electrical
16 breakdown, labor, or other remedial measures.

17 **§ 12203. License Required.**

18 It *shall* be unlawful for any person to act as, or offer to act as, or hold
19 himself or herself out to be a service contract provider, nor may a service contract
20 be sold to a consumer, unless the service contract provider has a valid license as a
21 service contract provider issued by the commissioner. A service contract provider
22 *shall* make an application to the commissioner upon a form prescribed by the
23 commissioner and *shall* pay to the commissioner a fee as provided under this
24 Article. A service contract provider *shall* update the application information and
25 documents annually and furnish such updates to the commissioner. The application
26 *shall* include or be accompanied by the following information and documents:

1 (a) All basic organizational documents of the service contract provider,
2 including any articles of incorporation, articles of association, partnership
3 agreement, trade name certificate, trust agreement, shareholder agreement, bylaws,
4 and other applicable documents, and all amendments to those documents;

5 (b) The identities of the service contract provider's executive officers
6 directly responsible for the service contract provider's service contract business,
7 and, if more than fifty percent of the service contract provider's gross revenue is
8 derived from the sale of service contracts, the identities of the service contract
9 provider's directors and stockholders having beneficial ownership of ten percent or
10 more of any class of securities;

11 (c) Audited annual financial statements *or* other financial reports
12 acceptable to the commissioner for the two most recent years which prove that the
13 applicant is solvent and any information the commissioner may require in order to
14 review the current financial condition of the applicant;

15 (d) An application fee of Two Hundred Fifty Dollars (\$250), which must
16 be deposited into the Better Public Service Fund; and

17 (e) Any other pertinent information required by the commissioner.

18 **§ 12204. Financial Responsibility.**

19 (a) Any service contract provider applying for a license *shall* be solvent
20 and *shall* meet minimum requirements under this section. If the financial
21 responsibility requirement under this paragraph is to be maintained by the service
22 contract provider's parent company, the parent company *shall* guarantee the
23 service contract provider's obligations under service contracts sold by the service
24 contract provider licensed under this Article.

25 (b) The service contract provider *shall* provide *one of the following*:

26 (1) Provide both:

1 a. Maintain a funded reserve account for all obligations
2 under service contracts issued and in force on Guam. The reserves
3 *shall* not be less than forty percent (40%) of the gross consideration
4 received from the sale of the service contract, less claims paid, for all
5 in force contracts. The reserve account *shall* be subject to examination
6 by the commissioner; and

7 b. Place in trust with the commissioner, for all service
8 contracts issued and in force on Guam, a financial security deposit
9 having a value that is the larger of Forty Thousand Dollars
10 (\$40,000.00) or five percent (5%) of the gross consideration received,
11 less claims paid for the sale of the service contracts. The financial
12 security deposit *shall* consist of one of the following:

13 (i) a surety bond issued by an authorized surety;

14 (ii) securities of the type eligible for deposit by
15 authorized insurers on Guam;

16 (iii) cash;

17 (iv) a letter of credit issued by a qualified financial
18 institution; or

19 (v) another form of security authorized by the
20 commissioner by rule subject to the approval of *I Liheslaturan*
21 *Guåhan*.

22 (2) Insure the performance for all service contracts issued by the
23 service contract provider by a reimbursement insurance policy issued by an
24 insurer holding a certificate of authority from the commissioner and who is
25 in good standing with the commissioner. Service contracts insured by a
26 reimbursement insurance policy *shall*:

1 a. conspicuously state the name and either the address or
2 contact information for the insurance company; and

3 b. contain a statement in substantially the following format:
4 *“The service contract provider’s obligations stated in this service*
5 *contract are covered by a reimbursement insurance policy. If your*
6 *service contract provider fails to pay or provide service on your*
7 *claim, or a cancellation refund, or any other covered obligation under*
8 *this service contract within sixty (6) days after that claim or request*
9 *has been made by you to this service contract provider, you may then*
10 *directly present your claim or request for service or payment to your*
11 *service contract provider’s insurance company.”*

12 **§ 12205. Powers and Duties.** The commissioner *shall*:

13 (a) receive applications for certification or license of service contract
14 providers;

15 (b) establish the procedure for processing applications made under this
16 Article;

17 (c) retain all applications and other records submitted to him or her;

18 (d) maintain a registry of the names and addresses of persons licensed
19 under this Article;

20 (e) establish and collect fees as required by this Article;

21 (f) approve/disapprove applications for license;

22 (g) establish, suspend, revoke, or reprimand service contract licenses; and

23 (h) perform the other duties necessary to implement this Article.

24 **§ 12206. Recordkeeping.**

25 (a) The service contract provider or service contract provider’s
26 administrator *shall* keep accurate accounts, books, and records of all transactions
27 regulated under this Article.

1 (b) Accounts, books, and records maintained as required by this section
2 *shall* include the following:

3 (1) copies of each type of service contract sold;

4 (2) the name and address of each service contract holder, to the
5 extent that the name and address have been furnished by the service contract
6 holder;

7 (3) a list of the locations where the service contract provider's
8 service contracts are marketed, sold, or offered for sale; and

9 (4) recorded claims filed which at a minimum *shall* contain the
10 date and description of each claim under the service contract provider's
11 service contracts.

12 (c) The service contract provider for each service contract *shall* retain
13 records required under this section for at least one year after coverage under the
14 contract has expired. A service contract provider discontinuing business on Guam
15 *shall* maintain records required under this section until it provides the
16 commissioner with satisfactory proof that the service contract provider has
17 discharged all contractual obligations to contract holders on Guam.

18 (d) The records required under this section may be, but are not required to
19 be, maintained on a computer disk, computer drive or server or other electronic
20 recordkeeping technology. If records are maintained in a form other than hard
21 copy, the records *shall* be in a form allowing duplication as legible hard copy at the
22 request of the commissioner.

23 (e) Upon request of the commissioner, the service contract provider *shall*
24 make available to the commissioner all accounts, books, and records concerning
25 service contracts sold by the service contract provider reasonably necessary to
26 enable the commissioner to determine compliance or noncompliance with this
27 Article.

1 **§ 12207. Filing of Annual Report.**

2 (a) Every registered service contract provider must file an annual report
3 for the preceding calendar year with the commissioner on or before July 1st of each
4 year, or within any extension of the time the commissioner for good cause may
5 grant. The report must be in the form and contain those matters as the
6 commissioner prescribes and *shall* be verified by at least two officers of the service
7 contract provider or for service contract providers with a single officer, the
8 soleofficer of service contract providers with a single officer.

9 (b) At the time of filing the report, the service contract provider must pay
10 a filing fee of Twenty Five Dollars (\$25.00) which *shall* be deposited into the
11 Better Public Service Fund.

12 (c) As part of any investigation by the commissioner, the commissioner
13 may require a service contract provider to file monthly financial reports whenever,
14 in the commissioner’s discretion, there is a need to more closely monitor the
15 financial activities of the service contract provider. Monthly financial statements
16 *shall* be filed with the commissioner no later than the twenty-fifth (25th) day of the
17 month following the month for which the financial report is being filed. These
18 monthly financial reports are the internal financial statements of the service
19 contract provider. The monthly financial reports that are filed with the
20 commissioner constitute information that might be damaging to the service
21 contract provider if made available to its competitors, and therefore *shall* be kept
22 confidential by the commissioner. This information may not be made public or be
23 subject to subpoena, other than by the commissioner and then only for the purpose
24 of enforcement actions taken by the commissioner.

25 **§ 12208. Receipt and Disclosures.**

26 (a) Service contract providers *shall* provide purchasers of a service
27 contract with:

1 (1) A receipt for or other written evidence of the purchase of the
2 service contract that *shall* be provided to the service contract holder;

3 (2) A copy of the service contract that *shall* be provided within a
4 reasonable period of time from the date of purchase; and

5 (3) Except for offers or sales of service contracts by telephone,
6 mail, or electronic means, a written copy of the basic terms and conditions of
7 the service contract to be made available to the purchaser where the
8 purchaser is physically present at the point of sale.

9 (b) Service contracts *shall* be written in clear, understandable language,
10 and *shall* be printed or typed in a typeface and format that is easy to read.

11 (c) All service contracts *shall*:

12 (1) State the name and address of the service contract provider and
13 the administrator of the service contract, if different from the service
14 contract provider;

15 (2) Identify the service contract seller and the service contract
16 holder, to the extent that the service contract holder has furnished the service
17 contract seller, administrator, or service contract provider with that
18 information;

19 (3) The terms of the sale, including the purchase price;

20 (4) The procedure the service contract holder must follow to obtain
21 service;

22 (5) Any deductible amount that applies;

23 (6) The specific merchandise and services to be provided, and any
24 limitations, exceptions, or exclusions;

25 (7) Where the service contract covers a motor vehicle, whether the
26 use of non-original manufacturer's parts is allowed;

1 (8) Any restrictions governing the transferability of the service
2 contract that apply;

3 (9) The terms, restrictions, or conditions governing the return or
4 cancellation of the service contract by either the service contract provider or
5 service contract holder prior to the service contract's termination or
6 expiration date;

7 (10) The obligations and duties of the service contract holder, such
8 as the duty to protect against any further damage, or to follow owner's
9 manual instructions; and

10 (11) A provision for, or exclusion of consequential damages or pre-
11 existing conditions that applies.

12 The information under subsections (1) and (2) *shall* not be required to be
13 preprinted on the service contract and *may* be added to the service contract at the
14 time of sale. The purchase price under subsection (3) *shall* not be required to be
15 preprinted on the service contract and *may* be negotiated with the service contract
16 holder at the time of sale.

17 **§ 12209. Returns and Refunds.**

18 (a) Service contracts *shall* state that the service contract holder may
19 return the contract within:

20 (1) Thirty (30) days of the date that the service contract was mailed
21 to the service contract holder;

22 (2) Twenty (20) days of the date the service contract was delivered
23 to the service contract holder, if the service contract was delivered at the
24 time of sale; or

25 (3) A longer time period as specified in the service contract.

26 (b) Upon return of the service contract to the service contract provider
27 within the applicable time period, and if no claim has been made under the service

1 contract prior to its return to the service contract provider, the service contract
2 *shall* be void and the service contract provider *shall* refund to, or credit the account
3 of, the service contract holder with the full purchase price of the service contract.
4 A ten percent (10%) penalty per month *shall* be added to a refund that is not paid
5 or credited within sixty-five (60) days after the return of the service contract to the
6 service contract provider.

7 (c) The right to void a service contract under subsection (b) *shall* not be
8 transferred and *shall* apply only to the original service contract purchaser upon the
9 terms and conditions provided in the contract and consistent with this Article.

10 (d) Upon cancellation of a service contract by the service contract
11 provider, the service contract provider, at least five (5) days prior to cancellation,
12 *shall* mail to the service contract holder at the service contract holder's last known
13 address, a written prior notice of cancellation that states the effective date of the
14 cancellation; provided that prior notice under this subsection *shall* not be required
15 if cancellation is for:

16 (1) Nonpayment of the service contract provider's fee for the
17 service provided under the service contract;

18 (2) A material misrepresentation by the service contract holder to
19 the service contract provider; or

20 (3) A substantial breach of duties of the service contract holder
21 under the service contract, relating to a covered product or its use.

22 **§ 12210. Prohibited Acts.**

23 (a) No service contract provider *shall* use in its name, the word
24 "insurance", "casualty", "surety", "mutual", or any other word descriptive of the
25 insurance, casualty, or surety business, or a name deceptively similar to the name
26 or description of any insurance or surety corporation, or to the name of any other
27 service contract provider; provided that the word "guaranty" or similar word may

1 be used by a service contract provider. This section *shall* not apply to a service
2 contract provider using any language prohibited by this section in its name prior to
3 July 1, 2013.

4 (b) A service contract provider or its representative *shall* not in its service
5 contracts or literature make, permit, or cause to be made, any false or misleading
6 statement, or deliberately omit any material statement that would be considered
7 misleading if omitted.

8 (c) No person *shall* condition a loan or the sale of any property on the
9 purchase of a service contract.

10 **§ 12211. Rules.** The commissioner *may* adopt rules to implement and
11 administer this Article pursuant to the Administration Adjudication Act.

12 **§ 12212. Enforcement.**

13 (a) The commissioner *may* take any action necessary or appropriate to
14 enforce this Article, and the rules adopted and orders issued hereunder. The
15 commissioner *may* conduct investigations and examinations of service contract
16 providers and administrators or other persons. If a service contract provider has
17 violated this Article, or rules or orders under this Article, the commissioner *may*
18 issue an order:

19 (1) Requiring a person to cease and desist from violating this
20 Article or rules or orders under this Article;

21 (2) Prohibiting a person from selling or offering for sale service
22 contracts in violation of this Article; or

23 (3) Imposing a civil penalty on a person or any combination of the
24 foregoing, as applicable.

25 **§ 12213. Effective Date.** This Act shall take effect upon its enactment and
26 apply prospectively.

1 **§ 12214. Severability.***If* any provision of this Act or its application to
2 any person or circumstance is held invalid, the invalidity *shall not* affect other
3 provisions or applications of this Act which can be given effect without the invalid
4 provision or application and to this end the provisions of this Act is severable.”



I Mina'Trentai Dos na Liheslaturan Guåhan

Committee on Aviation, Ground Transportation,
Regulatory Concerns, and Future Generations
SENATOR MICHAEL F.Q. SAN NICOLAS

April 8, 2013

Bill No. 64-32 (COR), introduced by Vicente C. Pangelinan: AN ACT TO ADD A NEW CHAPTER 12, DIVISION 2, TITLE 22 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE LICENSING OF SERVICE CONTRACTS SOLD ON GUAM.

NAME (Please print)	AGENCY/ ORGANIZATION	CONTACT NUMBER	ORAL TESTIMONY	WRITTEN TESTIMONY	IN FAVOR	NOT IN FAVOR
JOEY CAROSTOMO	CARS PLUS	689-2277	✓			
VAN SHELLEY	NISSAN	647-7260	✓			
Philippe Gellin Marian Deunha	NISSAN Blair, Sterling, Johnson	- 11 -	✓			
JAM JONES	ZJ / GADA	686-6030	✓			



Dipåtamenton Kontribusion yan Adu'ána

DEPARTMENT OF

REVENUE AND TAXATION

GOVERNMENT OF GUAM

Gubetnamenton Guåhan

EDDIE BAZA CALVO, Governor / *Maga'láhi*
RAY TENORIO, Lt. Governor / *Tiñente Gubetnadot*

JOHN P. CAMACHO, Director
Direktot
MARIE M. BENITO, Deputy Director
Sigundo Direktot

April 12, 2013

The Honorable Michael F.Q. San Nicolas
Chairman, Committee on Aviation, Ground
Transportation, Regulatory Concerns, and
Future Generations
Thirty-Second Guam Legislature
Hagatna, Guam 96910

Re: Bill No. 64-32 " AN ACT TO ADD A NEW ARTICLE 2 TO CHAPTER 12,
DIVISION 2, TITLE 22 OF THE GUAM CODE ANNOTATED, RELATIVE TO
LICENSING OF SERVICE CONTRACTS SOLD ON GUAM"

Dear Senator San Nicolas:

My name is Artemio B. Ilagan. I am the Banking and Insurance Commissioner. I agree in concept and intent of Bill No. 64-32.

In general our view is that service contracts are insurance against future repair bills but not the type of insurance risks that person can readily pay out pocket. For example if a housewife buys a refrigerator and it breaks after a factory warranty period of one year, she can most likely have the same repaired for about \$200.00. Without the service contract, the cost for repair is still affordable. If a consumer can bear the repair costs, in general, a consumer does not need an extended service contract. However, some consumer do buy extended service contract for a peace of mind.

In contrast, if a driver gets into an automobile accident and the car is a total wreck the costs to repair or get a new car could be \$10,000.00 or more. Without a car insurance, a wage earning person may not be able to pay for the repair or get a new car. Without earthquake insurance, if a concrete structure fails, as in the case of newly built hotel in Tumon, the costs to indemnify and to demolish the structure was more than \$100 Million.

The above examples are meant to provide distinction between insurance risks that an insurer agrees to cover for an insured and a service contract that a dealer normally sells to consumers, like us.

It is noted that Bill No., 64-32 defines in §12202 (f)

(f) “Service contract” for the purposes of this section means a contract or agreement for a separately stated consideration for a specific duration to perform the repair, replacement or maintenance of property or indemnification for repair, replacement or maintenance, for the operational or structural failure of any motor vehicle, residential or other property due to a defect in materials, workmanship, accidental damage from handling, or normal wear and tear, with or without additional provisions for incidental payment of indemnity under limited circumstances, including but not limited
xxxxx

Based on the above definition, any merchant for property like television, cooking range, air condition, automobile, a contractor for a commercial or residential building, that also sells service contract are covered in this bill. The language above does not appear to limit service contracts to household appliances and to motor vehicles.

The financial responsibility provision as set forth in §12204(b)(2)(iii) states cash as the one of the deposit. It is requested that the word “cash” be replaced by a “time certificate of deposit” issued by a bank that is licensed in Guam and is insured by the Federal Deposit Insurance Corporation (FDIC) or by the National Credit Union Administration (NCUA).

The filing of annual report required by the seller of service contracts is set forth in §12207(a).

§ 12207. Filing of Annual Report.

(a) Every registered service contract provider must file an annual report for the preceding calendar year with the commissioner on or before July 1st of each year, or within any extension of the time the commissioner for good cause may grant. The report must be in the form and contain those matters as the commissioner prescribes and *shall* be verified by at least two officers of the service contract provider or for service contract providers with a single officer, the sole officer of service contract providers with a single officer.

It is suggested that the annual report be in the form of an unqualified audit report that is certified by an independent Certified Public Accountant (CPA) that is licensed to practice the accounting profession in Guam. In the event the annual report of the CPA is in any manner qualified, the license of the seller for service contract shall be a cause for the Commissioner to suspend, revoke or terminate the service contract license. For the protection of the public it is suggested that the annual report of the CPA be available for public inspection after six (6) months from the filing with the Commissioner.

It is suggested that §12207(c) be deleted because upon the filing of the audited financial report of the CPA that is in any manner qualified, the Commissioner shall suspend, revoke or terminate the license of service contract.

As an exception to the prohibited acts set forth in §12210 (a) a seller of service contracts may use the word "guaranty". It is strongly recommended that the word guaranty be included in the prohibited acts. The word guaranty connotes the same name as some insurers are using the word guaranty.

With the above qualifications that are expressed above, I agree with Bill No. 64-32.

Sincerely,



ARTEMIO B. ILAGAN
Banking and Insurance Commissioner



April 22, 2013

Dear Senator Pangelinan,

Thank you for allowing the Guam Automobile Dealers Association (GADA) to provide feedback to the introduction of Bill 64. In a recent meeting, GADA concluded by way of quorum to support the bill in general with the exception of a two areas.

1. Under section 2 on page 11 in clause 12209 3b, it is our request to omit the last sentence that reads: ***"A Ten percent (10%) penalty per month shall be added to the refund that is not paid or credited within forty-five (45) days after the return of the service contract provider."***

We feel that this is an unnecessary penalty imposed on dealers should a customer cancel their contract. There may or may not be unforeseen variables that might challenge the 45 day period related to processing and verifying claims with third party providers. In addition, the GADA members have always been committed to fair and reasonable business practices and have been proactive in helping our customers receive the right value for their purchase, including refunds when necessary.

2. Exemption of vehicle manufacturer/OEM backed contracts from the Bill as these should be considered factory warranty for practical purposes.

Thank you again for your time and kind consideration to our requests.

Regards,

Jay Jones
GADA President



Guam Bill 64-32 - Service Contracts

Beth.Kastigar@thewarrantygroup.com <Beth.Kastigar@thewarrantygroup.com> Fri, Apr 5, 2013 at 6:50 AM
To: senbenp@guam.net, senatorsannicolas@gmail.com
Cc: Joseph.Fagan@thewarrantygroup.com

Senator Pangelinan and Senator San Nicolas:

Automotive Warranty Services, Inc. ("AWS"), supports the proposed service contract legislation. Although we fully support the principles of this legislation, we respectfully propose a change to Section 12204. Financial Responsibility. Our supporting documentation and proposed change is attached.

Our suggested change makes minimal changes to the proposed legislation to add an additional source of financial responsibility. We believe this provides the protection to consumers through the contractual liability policy, yet minimizes any burden on the Guam Insurance and Banking Commission.

Please also find our supporting statement which further outlines the benefits of the proposed change.

We appreciate the opportunity to present this information.


Thank you for your time and consideration and your efforts in furtherance of this legislation.

Elizabeth Kastigar,
for Joseph Fagan
175 W. Jackson Blvd.
Suite 1100
Chicago, IL
phone: 312-356-2503
fax: 312-395-9612
Beth.Kastigar@thewarrantygroup.com

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the warranty groupsm

automotive warranty services, inc.

April 3, 2013

Senator Vicente Pangelinan
324 W. Soledad Ave.
Hagåtña, Guam 96910
E-mail: senbenp@guam.net

Copy to: Senator Michael F. Q. San Nicolas
155 Hesler Place-Suite 203
Hagåtña, Guam 96910
E-mail: senatorsannicolas@gmail.com

RE: Senate Bill 64-32
Service Contracts

Dear Senators Pangelinan and San Nicolas:

Automotive Warranty Services, Inc. ("AWS") thanks you for introducing this legislation which will assist Guam dealerships who wish to offer the benefits of these service contracts to their consumers. Accordingly, we are writing in support of Senate Bill 64-32 which recognizes the nature of and the benefits that service contracts can provide to Guam consumers.

Second, we are writing to suggest an amendment which will:

- Enhance the availability of service contracts in the marketplace and to Guam consumers;
- Enhance the consumer protections contained within Senate Bill 64-32 while reducing the regulatory burdens of the Guam Insurance and Banking Commissioner; and
- Help to ensure that covered consumer claims for service contract benefits and refunds are timely honored and made.

With regards to our first reason for writing, you hopefully already know that service contracts (also sometimes called extended warranties or extended service plans) are popular among consumers as a cost-effective way to protect consumer electronic devices, computing systems, appliances, new automobiles, used automobiles as well as other types of motor vehicles. In the United States, approximately 250 million service contracts are sold annually.¹

Service contracts are designed to provide protection after the manufacturer's warranty expires. Service contracts may also complement a manufacturer's warranty by providing additional benefits not included in the original manufacturer's warranty. Service contracts offer flexible benefits and can include product repairs, product replacements, technical support, emergency repairs and emergency services. Along with this product and purchase protection, service contracts also offer consumers convenience, time savings and peace of mind.

¹ Service Contract Industry Council (SCIC) website dated March 27, 2013. See <http://go-scic.com/insidepages/servicecontracts.cfm>

Page 2.

Typical consumer products covered by service contracts include televisions, home entertainment systems, computers, laptops, cell phones, music systems, appliances, cars, trucks, and motorcycles.

Since Automotive Warranty Services, Inc.'s ("AWS's") principal business in the United States is helping to provide, service and administer motor vehicles service contracts, we are specifically writing in support of Bill 64-32 for those auto dealerships located in Guam who desire to offer motor vehicle service contracts to their customers.

AWS has been providing all services as well as support in connection with service contracts for over thirty (30) years. From assisting automobile dealerships in creating their service contract program, providing all administrative functions, facilitating the payment of motor vehicle repairs as well as replacement parts along with assisting the dealership in insuring its service contract obligations and responsibilities so that the dealership's customers knows that every covered claim will be honored, AWS is a knowledgeable and full service provider of motor vehicle service contracts.

AWS's second reason for writing is to request that you include an additional method by which a service contract provider may also satisfy the financial responsibilities contained in Section 12204 of Bill 64-32. We request that you consider the option of the service contract provider being insured for his service contract obligations/responsibilities by obtaining a "reimbursement insurance policy" from an insurer authorized in Guam and in good standing with the office of the Guam Insurance and Banking Commissioner. This "reimbursement insurance policy" would be issued to the service contract provider to cover and perform, in the event of the service contract provider's non-performance, any contractually required service contract obligation/responsibility of an issued service contract. As these obligations/responsibilities are covered by an insurance policy, then the existing regulatory requirements and standards that apply for the control and monitoring of an insurance company's continuing ability to honor and pay its claims would then likewise be applicable to these insured service contract obligations and responsibilities. Hence, no additional regulatory burden or expense would be created or placed upon the office of the Guam Insurance and Banking Consumer.

Further, the Guam service contract holder would now have an insurer from whom the service contract holder could request the honoring or reimbursement of his/her covered service contract claim as well as any cancellation refunds due when the service contract provider failed to take the required action within sixty (60) days after request for such repair or such cancellation refund has been made.

This option of using a "reimbursement insurance policy" as a means by which to satisfy a service contract provider's financial responsibility is standard in all fifty (50) states of the United States

Page 3.

and is contained in the National Association of Insurance Commissioners (NAIC) Service Contract Model Act (Section 3 C (1)).²

Using the NAIC model statutes, AWS respectfully requests the attached amendment be made to proposed Section 12204 of Bill 64-32. This amendment provides security to service contract holders that their service contract claims will be honored while allowing the service contract providers an economic method of complying with this new service contract law. Further, this type of change reduces the financial burden and barriers to entry that the current Section 12204 imposed on prospective service contract providers. As mentioned earlier, a “reimbursement insurance policy” assures that if the service contract provider is unable to perform its contractual obligations/responsibilities, the Guam service contract holder will still receive the benefits that he/she paid for from the purchased the service contract. Assuring that the insurance company is solvent and subject to the authority of the Guam Insurance and Banking Commissioner provides additional protection to the service contract holder with no additional regulatory burden being incurred.

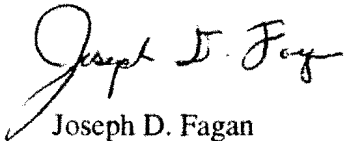
We have another proposed amendment which would be to provide an alternative to the requirement for audited financial statements as required by 12203 (c). As many motor vehicle dealerships may not have annual audited financial statements, as required by Section 12203 (c), AWS suggests that you consider amending this sub-section to read:

(c) Audited or certified financial statements or any other financial reports acceptable to the Commissioner for the two most recent years to prove that the applicant is solvent and

In this manner, more dealers could qualify as service contract providers – especially if they are additionally able to use a “reimbursement insurance policy” to satisfy their financial responsibility requirement as contained in Section 12204.

Again, AWS appreciates your efforts in introducing this legislation and your consideration of our amendment request.

Very truly yours,



Joseph D. Fagan
Assistant General Counsel

² For example, California in its motor vehicle service contract statutes requires a reimbursement insurance policy covering 100% of the service contract provider’s obligations arising from the issued service contract. See *Cal Ins Code § 12830*.

Sub-section (b) of Section 12204 is amended as follows: (Changes are highlighted)

12204. Financial Responsibility

- (a) Any service contract provider applying for a license shall be solvent and shall meet minimum requirements under this section. If the financial responsibility requirement under this paragraph is to be maintained by the service contract provider's parent company, the parent company shall guarantee the service contract provider's obligations under service contracts sold by the service contract provider licensed under this Article.
- (b) The service contract provider *shall provide one of the following:*
 - (1) Provide both a. and b. as stated below:
 - a. Maintain a funded reserve account for its obligations under its service contracts issued and outstanding in Guam. The reserves *shall* not be less than forty (40) percent of the gross consideration received from the sale of the service contract, less claims paid, for all in force service contracts. The reserve account *shall* be subject to examination by the commissioner; and
 - b. Place in trust with the commissioner, for all service contracts issued and in force in Guam, a financial security deposit having a value that is the larger of Forty Thousand Dollars (\$40,000.00) or five percent (5%) of the gross consideration received, less claims paid for the sale of the service contracts. The financial security deposit *shall* consist of one of the following:
 - (i) a surety bond issued by an authorized surety;
 - (ii) securities of the type eligible for deposit by authorized insurers in Guam;
 - (iii) cash;
 - (iv) a letter of credit issued by a qualified financial institution; or
 - (v) another form of security authorized by the commissioner by rule subject to the approval of *I Liheslaturan Guåhan*; or
 - (2) Insure the performance **for all service contracts issued by the service contract provider by a reimbursement insurance policy issued by an insurer holding a certificate of authority from the commissioner and who is in good standing with the commissioner.**

a. "Reimbursement insurance policy" means a policy of insurance issued to a service contract provider by an **authorized insurer**. Pursuant to this insurance policy, the insurer agrees, for the benefit of the service contract holders, to discharge all of the obligations and liabilities of the service contract provider under the terms of the issued service contracts or in the event of non-performance by the insured service contract provider. "All obligations and liabilities" include:

- i. the failure or inability of the insured service contract provider to perform under the terms and conditions of the provider's issued service contracts; and
- ii. in event of cancellation, the service contract provider's failure or inability to the return of the unearned portion of the paid service contract fee to the service contract holder.

b. Service contracts insured by a reimbursement insurance policy shall:

- i. conspicuously state the name and either the address or contact information for the insurance company; and
- ii. contain a statement in substantially the following format:

The service contract provider's obligations stated in this service contract are covered by a reimbursement insurance policy. If your service contract provider fails to pay or provide service on your claim, or a cancellation refund, or any other covered obligation under this service contract within 60 days after that claim or request has made by you to this provider, you may then directly present your claim or request for service or payment to your provider's insurance company.

(c) No other financial security requirements shall be required by the commissioner for service contract providers.



Guam Bill 64-32 - Service Contract

Beth.Kastigar@thewarrantygroup.com <Beth.Kastigar@thewarrantygroup.com> Fri, Apr 5, 2013 at 7:07 AM
To: senatorsannicolas@gmail.com
Cc: Joseph.Fagan@thewarrantygroup.com

In furtherance of recent email correspondence in connection with the Guam Bill 64-32 on Service contracts (a copy of which is attached below), we respectfully present for your review, additional supporting documentation on service contracts.

We believe that the attached letter and research will assist and support not only our proposed change to the pending legislation, but also your continued support for this legislation.

Our proposed change is important to facilitate the eligibility for a greater number of retailers and dealerships to provide service contracts. This will allow access to service contracts for a broader spectrum of Guam consumers. The proposed language will accomplish this without increasing the risk to consumers or regulatory burden.

Again, we thank you for the opportunity to comment and would be happy to answer any questions you may have.

Below for your reference, is a duplicate of our letter to both you and Senator Pangelinan which makes our initial statement of support for this legislation and asks for a revision to Section 12204.

Thank you for your time and attention to this matter and continued support for service contract legislation.

Elizabeth Kastigar, for
Joseph Fagan
The Warranty Group
175 W. Jackson Blvd.
Suite 1100
Chicago, IL
phone: 312-356-2503
fax: 312-395-9612
Beth.Kastigar@thewarrantygroup.com

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advise our IT security department at infosec@thewarrantygroup.com.

3 attachments

 **Guam San Nicolas 4.4.13.pdf**
45K

 **Guam whitepaper 4.4.13.pdf**
144K

 **Guam Itr 4.3.13.pdf**
174K



the warranty groupSM

automotive warranty services, inc.

April 4, 2013

Senator Michael San Nicolas
155 Hesler Place
Suite 203,
Hagatna, Guam 96910
senatorsannicolas@gmail.com

**Re: Bill No B064-32
Service Contracts**

Dear Senator San Nicolas:

Automotive Warranty Services, Inc ("AWS") appreciates your introduction of Bill 64-32 authorizing Guam dealerships and consumer retailers to offer service contracts to their consumers.

Service contracts are an efficient way for consumers to protect what can be major purchases such as an automobile, major appliances or small electronics. Consumers spend a lot of time researching these purchases. The service contract delivers the additional peace of mind that if a repair, replacement, technical support or related emergency services arise from such a purchase, there is a quick and effective means for continued use and enjoyment of the product.

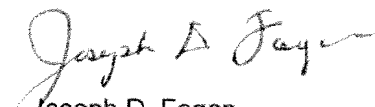
As additional support for your legislation, we respectfully submit for your consideration and review, a White Paper which outlines the supports removing service contract from insurance treatment.

We include a copy of our written testimony and recommendations for amendment to this Bill that would facilitate the ability of Guam dealerships and retail sellers to qualify under the Bill. The amendments retain the consumer protections and do not impose any additional regulatory burden while assisting additional retailers and Guam dealerships to qualify under this legislation. Expanding the ability of retailers to qualify to offer these products expands the availability of the products to additional consumers and facilitates market competition.

We hope this additional information will assist your review and assessment of these proposed amendments to the legislation.

AWS appreciates your efforts in introducing and promoting this legislation and respectfully requests your consideration of our comments. We would be happy to answer any questions or provide additional information as may be required.

Very truly yours,


Joseph D. Fagan
Assistant General Counsel

General Information and Discussion of Service Contracts

Service contracts (also sometimes called extended warranties or extended service plans) are popular among consumers as a cost-effective way to protect consumer electronic devices, computing systems, appliances, new automobiles, used automobiles as well as other types of motor vehicles. In the United States, approximately 250 million service contracts are sold annually.¹

Service contracts are designed to provide protection after the manufacturer's warranty expires. Service contracts may also complement a manufacturer's warranty by providing additional benefits not included in the original manufacturer's warranty. Service contracts offer flexible benefits and can include product repairs, product replacements, technical support, emergency repairs and emergency services. Along with this product and purchase protection, service contracts also offer consumers convenience, time savings and peace of mind.

Typical consumer products covered by service contracts include televisions, home entertainment systems, computers, laptops, cell phones, music systems, appliances, cars, trucks, and motorcycles.

The terms and conditions of a typical service contract provide that the contract covers repair costs resulting from an operational or structural failure of the product covered caused by defects in materials and workmanship along with other incidental indemnity benefits. These contracts specifically state that damage from insurance perils such as accident, abuse, third-party actions (fire, collision, vandalism, theft, etc.), the elements or acts of God are not covered under the contracts. As such, selling service contracts should not constitute the sale of insurance under Guam law or under the law of any other territory or state of the United States. The contracts do not constitute casualty insurance because they only provide for the repair or replacement of a product in the event of a mechanical or electrical failure brought about by defects in materials and workmanship—coverage akin to what is provided under a manufacturer's original equipment warranty as discussed in more detail below. Further, the contracts specifically exclude coverage upon the occurrence of typical casualty events associated with insurance perils such as theft, fire, acts of God, etc.

Service contracts, while not insurance, can be more accurately characterized by the legal concept of warranty. A warranty is a statement or representation made by the seller of goods or someone in the normal chain of manufacturing or distribution contemporaneously with and as a part of the contract of sale of the goods and which warrants the character, quality or title of goods, and by which the seller promises to ensure that certain facts are as the seller represents them. A warranty is contractual in nature. A warranty is incidental to the consumer good contract of sale. A warranty is not an essential element of a sale, which can exist without it, but there can be no warranty without a sale. No state regulates a warranty as insurance.

Similar to a warranty, the sale of service contracts by dealers is also in the normal chain of manufacturing and distribution of the product. The service contract and the product to which it relates are sold to the consumer at the same time. Accordingly, there is little difference between the issuance of the contract by the manufacturer versus issuance of the contract by the dealer that sold the product. The dealer, for consideration, warrants the product to be free from defects in workmanship and materials for a stated period of time. In each instance, a consumer receives a written contract evidencing the express terms of the protection provided by the

¹ Service Contract Industry Council (SCIC) website dated March 27, 2013. See <http://go-scic.com/insidepages/servicecontracts.cfm>

service contract. While there may be some indemnity benefits provide within a typical service contract (towing, emergency road service, etc.), the substantial majority of state regulators have deemed those benefits as permissible within a service contract and have opined that the inclusion of those benefits does not trigger regulation of a service contract as insurance as such benefits are truly incidental to the warranty-related coverage described above and are typically unavailable for purchase elsewhere by a consumer.

For example, California law contains the following language making it absolutely clear that a vehicle service contract is a non-insurance product:

(a) Notwithstanding Sections 103 and 116², the following types of agreements shall not constitute insurance:

(1) A vehicle service contract that does each of the following:

(A) Names as the obligor a motor vehicle manufacturer or distributor licensed in that capacity by the Department of Motor Vehicles, or a watercraft manufacturer.

(B) Covers only motor vehicles or watercraft manufactured, distributed, or sold by that obligor.

(2) A vehicle service contract in which the obligor is a [motor vehicle dealer], provided that the obligor complies with all provisions of this part except Section 12815.³

§ 12805, Cal. Ins. Code (2012) (emphasis supplied).

California defines a vehicle service contract as follows:

(c)(1) "Vehicle service contract" means a contract or agreement for a separately stated consideration and for a specific duration to repair, replace, or maintain a motor vehicle or watercraft, or to indemnify for the repair, replacement, or maintenance of a motor vehicle or watercraft, necessitated by an operational or structural failure due to a defect in materials or workmanship, or due to normal wear and tear.

(2) A vehicle service contract may also provide for the incidental payment of indemnity under limited circumstances only in the form of the following additional benefits: coverage for towing, substitute transportation, emergency road service, rental car reimbursement, reimbursement of deductible amounts under a manufacturer's warranty, and reimbursement for travel, lodging, or meals.

§ 12800, Cal. Ins. Code (2011).

As you can see from a review of the above-quoted California definition, although the core coverage offered under a vehicle service contract relates to defects in materials and workmanship, a company may also permissibly offer additional indemnity benefits within a

2. These statutory citations are to California's definitions of automobile and marine insurance.

3. This citation refers to the statutory provision that requires service contract providers to apply for licensure prior to doing business in California.

vehicle service contract that are incidental to the core warranty-type coverage without triggering regulation of the contract as insurance.

California's treatment of service contracts as a non-insurance product may be helpful to any analysis as California's and Guam's statutory definitions of insurance are identical.⁴

In addition to California, the following states have all enacted legislation which expressly provides that service contracts, irrespective of the party that is obligated to perform thereunder, are not insurance and/or that they are not subject to the state's insurance laws:

Alabama	Kansas	New Hampshire	Tennessee
Arizona	Kentucky	New Mexico	Texas
Arkansas	Louisiana	New York	Utah
Florida	Maine	North Dakota	Virginia
Hawaii	Maryland	Oklahoma	Washington
Idaho	Minnesota	Oregon	West Virginia
Illinois	Missouri	Pennsylvania	Wisconsin
Indiana	Montana	Puerto Rico	Wyoming
Iowa	Nevada	South Dakota	

See Appendix A for relevant citations. Further, the following state departments of insurance have informally opined that a service contract under which the entity that sold the product covered is obligated to perform is not an insurance contract

Massachusetts⁵ Michigan⁶ New Jersey⁵

Finally, in addition to those states which have expressly stated that service contracts are not insurance and/or subject to a state's insurance code, the following states have all either enacted a framework making it clear that a service contract is not subject to regulation as an insurance product in that state or have informally opined as such:

Colorado	District of Columbia⁶	North Carolina	South Carolina
Connecticut	Georgia	Ohio	Vermont

4. Section 22 of the California Insurance Code and Section 12104(q) of the Guam Insurance Code define insurance identically as follows: "Insurance is a contract whereby one undertakes to indemnify another against loss, damage, or liability arising from a contingent or unknown event."

5. 1988-89 Massachusetts Attorney General Opinion No. 4

6. State regulation of service contracts as exempt when transactions are dealer-obligor confirmed through informal correspondence with state regulator.

Delaware⁷

Nebraska

Rhode Island⁶

See Appendix B for relevant citations. As you can see, the vast majority of states have concluded either through legislation or opinion of the pertinent state regulator that service contracts are not insurance or are not subject to the state's insurance laws.

Service contracts give consumers the option to secure valuable protection for the motor vehicle they purchased or leased. Motor vehicle dealers offering service contracts to consumers are providing protection that is not available elsewhere. For the foregoing reasons, we believe that the issuance of service contracts should not constitute the unauthorized sale of insurance under Guam law. Regulating these contracts as insurance is overly burdensome, will substantially decrease (if not, eliminate) the availability of this consumer protection, and will represent a departure from how the substantial majority of the regulators who have considered service contracts have elected to treat these as a non-insurance consumer product.

We hope that you will consider the information provided helpful your continued support of Bill 64-32.

7. State regulation of service contracts as non-insurance confirmed through informal correspondence with state regulator.

APPENDIX "A"

STATE	CITATION
Alabama	Ala. Code § 8-32-2(13) (2009)
Arizona	Ariz. Rev. Stat. § 20-1095.02.A. (2012)
Arkansas	Ark. Code § 4-90-504(a) (2009)
Florida	Fla. Stat. § 634.023
Hawaii	Haw. Rev. Stat § 481:X-1(b) (2011)
Idaho	Idaho Code Ann. § 49-2809 (2010)
Illinois	810 Ill. Comp. Stat. § 152/10 (2009)
Indiana	Department of Insurance Bulletin No. 78 (1992)
Iowa	Iowa Code § 516E.20 (2011)
Kansas	Kan. Stat. Ann. § 40-201a.(a) (2009)
Kentucky	Ky. Rev. Stat. Ann. § 304.5-070(1)(p) (2009)
Louisiana	La. Rev. Stat. Ann. § 22:2-373 (2010)
Maine	24A M.R.S.A. § 89-7101 4. (2011)
Maryland	Md. Code Ann. Com. Law § 14-409(b)(1) (2011)
Minnesota	Minn. Stat. § 59B.03 Subd. 8 (2010)
Missouri	Mo. Rev. Stat § 385.202 (2012)
Montana	Mont. Code Ann. § 33-1-102(2)
Nevada	Nev. Rev. Stat. § 690C.100.2 (2009)
New Hampshire	N.H.J. Rev. Stat. Ann. § 415-C: 1.III(a) (2009)
New Mexico	N.M. Stat. § 59A-58-8 (2009)
New York	N.Y. U.C.C. Law § 7903 (McKinney 2010)
North Dakota	N.D. Cent. Code § 9-01-21, et seq.
Oklahoma	Okla. Stat. tit. 36 § 6602, et seq.
Oregon	Or. Rev. Stat. § 646A.154(8) (2010)
Pennsylvania	40 Pa. Cons. Stat § 477f(a) (2011)
Puerto Rico	26 L.P.R.A. § 2123 (2011)
South Dakota	S.D. Codified Laws § 58-1-3(3) (2010)
Tennessee	Tenn. Code Ann. § 56-2-126(a) (2012)
Texas	TX Bus. & Com. Code § 1304.005(3) (2012)
Utah	Utah Code § 31A-6a-103(4) (2010)
Virginia	Va. Code Ann. § 59.1-435 (2009)
Washington	Wash. Rev. Code § 48 110.030 (2011)
West Virginia	W. Va. Code § 33-4-5(5) (2009)
Wisconsin	Wis. Stat. Ann. § 600.01(1)(b)12
Wyoming	Wyo. Stat. § 26-49-103(h) (2010)

APPENDIX "B"

STATE	STATUTORY CITATION
Colorado	Col. Rev. Stat. § 42-11-101, et seq.
Connecticut	Conn. Gen. Stat. § 42-260, et seq.
Georgia	Ga. Code Ann. § 33-7-6, et seq.
Nebraska	Neb. Rev. Stat. § 44-3520, et seq.
North Carolina	N.C. Gen. Stat. § 66-370, et seq.
Ohio	Ohio Rev. Code § 3905.423, et seq.
South Carolina	S.C. Code Ann. § 38-78-10, et seq.
Vermont	8 V.S.A. § 4247, et seq.



COMMITTEE ON RULES

I Mina'trentai Dos na Liheslaturan Guåhan • The 32nd Guam Legislature
155 Hesler Place, Hagåtña, Guam 96910 • www.guamlegislature.com
E-mail: roryforguam@gmail.com • Tel: (671)472-7679 • Fax: (671)472-3547

Senator
Rory J. Respicio
CHAIRPERSON
MAJORITY LEADER

Senator
Thomas C. Ada
VICE CHAIRPERSON
ASSISTANT MAJORITY LEADER

Senator
Vicente (Ben) C. Pangelinan
Member

Speaker
Judith T.P. Won Pat, Ed.D.
Member

Senator
Dennis G. Rodriguez, Jr.
Member

Vice-Speaker
Benjamin J.F. Cruz
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Legislative Secretary
Tina Rose Muña Barnes
Member

Senator
Frank Blas Aguon, Jr.
Member

Senator
Michael F.Q. San Nicolas
Member

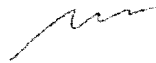
Senator
V. Anthony Ada
Member
MINORITY LEADER

Senator
Aline Yamashita
Member

April 19, 2013

Memorandum

To: **Rennae Meno**
Clerk of the Legislature

From: **Senator Rory J. Respicio** 
Chairperson, Committee on Rules

Subject: **Fiscal Notes**

Hafa Adai!

Attached please find the fiscal notes for the bill numbers listed below. Please note that the fiscal notes, or waivers, are issued on the bills as introduced.

FISCAL NOTES:

Bill Nos.: 02-32 (LS), 28-32 (COR), 52-32 (LS), 64-32 (COR), 75-32 (LS),
and 77-32 (COR)

WAIVERS:

Bill Nos.: 70-32 (COR), and 72-32 (LS)

Please forward the same to MIS for posting on our website. Please contact our office should you have any questions regarding this matter.

Si Yu'os ma'åse'!

2013 APR 19 AM 10:38



**Bureau of Budget & Management Research
Fiscal Note of Bill No. 64-32 (COR)**

AN ACT TO ADD A NEW ARTICLE 2 TO CHAPTER 12, DIVISION 2, TITLE 22 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE LICENSING OF SERVICE CONTRACTS SOLD ON GUAM.

Department/Agency Appropriation Information	
Dept./Agency Affected: Department of Revenue & Taxation	Dept./Agency Head: John P. Camacho
Department's General Fund (GF) appropriation(s) to date:	9,164,180
Department's Other Fund (Specify) appropriation(s) to date: Tax Collection Enhancement Fund (\$686,717) / Better Public Service Fund (\$1,390,554)	2,077,271
Total Department/Agency Appropriation(s) to date:	\$11,241,451

Fund Source Information of Proposed Appropriation			
	General Fund:	(Specify Special Fund):	Total:
FY 2012 Unreserved Fund Balance ¹		(\$112,856)	(\$112,856)
FY 2013 Adopted Revenues	\$0	\$1,390,554	\$1,390,554
FY 2013 Appro. (P.L. 31-233)	\$0	(\$1,390,554)	(\$1,390,554)
Sub-total:	\$0	(\$112,856)	(\$112,856)
Less appropriation in Bill	\$0	\$0	\$0
Total:	\$0	(\$112,856)	(\$112,856)

Estimated Fiscal Impact of Bill						
	One Full Fiscal Year	For Remainder of FY 2013 (if applicable)	FY 2014	FY 2015	FY 2016	FY 2017
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
(Specify Special Fund)	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0

- Does the bill contain "revenue generating" provisions? / x / Yes / / No
If Yes, see attachment
- Is amount appropriated adequate to fund the intent of the appropriation? / x / N/A / / Yes / / No
If no, what is the additional amount required? \$ _____ / x / N/A
- Does the Bill establish a new program/agency? / / Yes / x / No
If yes, will the program duplicate existing programs/agencies? / x / N/A / / Yes / / No
Is there a federal mandate to establish the program/agency? / / Yes / x / No
- Will the enactment of this Bill require new physical facilities? / / Yes / x / No
- Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason: / x / Yes / / No
/ x / Requested agency comments not received as of the due date / / Other:

APR 17 2013

Analyst: <u>Michael M. Aflague, B&M Analyst IV</u>	Date: <u>4/11/13</u>	Director: <u>John A. Bios, Director</u>	Date: <u>4/11/13</u>
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Footnotes: see attachment for revenue generating provisions.

Bureau of Budget & Management Research
Attachment to Fiscal Note Bill No. 64-32 (COR)
(for revenue generating provisions)

Projected Multi-Year Revenues					
	Year 1	Year 2	Year 3	Year 4	Year 5
General Fund	\$0	\$0	\$0	\$0	\$0
Better Public Service Fund	1/	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	1/	\$0	\$0	\$0	\$0

Comments:

1/ The Bill would require a 'Service Provider' to pay an annual application fee of \$250 and a filing fee of \$25 to the Department of Revenue and Taxation. A 'Service Provider' may include businesses/entities within a wide range of industries, including but not limited to, automotive, electronics and construction. The anticipated revenue impact to the Better Public Service Fund will be the application and filing fee applied to all industry 'Service Providers'. It should be noted that the Bureau has requested data from the Department of Revenue and Taxation; however, information has not been provided at the time of these comments.



COMMITTEE ON RULES

I Mina'trentai Dos na Liheslaturan Guåhan • The 32nd Guam Legislature
155 Hesler Place, Hagåtña, Guam 96910 • www.guamlegislature.com
E-mail: roryforguam@gmail.com • Tel: (671)472-7679 • Fax: (671)472-3547

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CHAIRPERSON
MAJORITY LEADER

Senator
Thomas C. Ada
VICE CHAIRPERSON
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Senator
Michael F.Q. San Nicolas
Member

Senator
V. Anthony Ada
Member
MINORITY LEADER


Senator
Aline Yamashita
Member

March 12, 2013

MEMORANDUM

To: **Rennae Meno**
Clerk of the Legislature

Attorney Therese M. Terlaje
Legislative Legal Counsel

From: **Senator Thomas C. Ada** 
Acting Chairperson, Committee on Rules

Subject: **Referral of Bill No. 64-32(COR)**

As the Chairperson of the Committee on Rules, I am forwarding my referral of **Bill No. 64-32(COR)**.

Please ensure that the subject bill is referred, in my name, to the respective committee, as shown on the attachment. I also request that the same be forwarded to all members of *I Mina'trentai Dos na Liheslaturan Guåhan*.

Should you have any questions, please feel free to contact our office at 472-7679.

Si Yu'os Ma'åse!

Attachment

I Mina'Trentai Dos Na Liheslaturan Guahan
Bill Log Sheet

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	STATUS
64-32 (COR)	V.C. Pangelinan	AN ACT TO ADD A NEW ARTICLE2 TO CHAPTER12, DIVISION 2, TITLE 22 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE LICENSING OF SERVICE CONTRACTS SOLD ON GUAM	3/12/13 12:25 P.M.	3/12/2013	Committee on Aviation, Ground Transportation, Regulatory Concerns, and Future Generations			



First Notice - 4.8.13 Public/Confirmation Hearing

Mon, Apr 1, 2013 at 9:49 AM

Senator Michael San Nicolas <senatorsannicolas@gmail.com>

To: Senator Michael San Nicolas <senatorsannicolas@gmail.com>

Bcc: aperez@gpagwa.com, Brett Kelman <bmkelman@guampdn.com>, Duane George <dmgeorge@guampdn.com>, Dionesis Tamondong <dtamondong@guampdn.com>, Ed Davis <edavis@k57.com>, Jon Anderson <editor@mvguam.com>, Gerry Partido <gerry@mvguam.com>, gmmsinc@guam.net, info@chinesetimesguam.com, Jason Salas <jason@kuam.com>, John Davis <john@kuam.com>, Kelly Cho <kcn.kelly@gmail.com>, Korean News <koreannews@guam.net>, KPRG <kprg@guam.net>, PDN Lifestyle <life@guampdn.com>, mabuhaynews@yahoo.com, Mindy Aguon <mindy@kuam.com>, mwatanabe@guampdn.com, K57 <news@k57.com>, Patti Arroyo <parroyo@k57.com>, radioprod@kuam.com, Ray Gibson <rgibson@k57.com>, Sabrina Salas Matanane <sabrina@kuam.com>, Steve Limtiaco <slimtiaco@guampdn.com>, sports@mvguam.com, tcoffman@k57.com, dcrisost@guam.gannett.com, Maureen Maratita <publisher@glimpsesofguam.com>, weavert@pstripes.osd.mil, Pacific Daily News <news@guampdn.com>, jtyquiengco@spbg Guam.com, kevin@spbg Guam.com, hill.bruce@abc.net.au, Bruce Hill <pacificjournalist@gmail.com>, parroyo@spbg Guam.com, editor@saipantribune.com, Clynt Ridgell <clynt@spbg Guam.com>, mcpherson.kathryn@abc.net.au, cimiculka@guampdn.com, arcordoba@guampdn.com, communications@guam.gov, natalie.quinata@guam.gov, Troy Torres <troy.torres@guam.gov>, phnotice@guamlegislature.org, Jermaine Alerta <alerta.jermaine@gmail.com>, Matthew Baza <baza.matthew@gmail.com>, delisakloppenburg@gmail.com, Geraldine Castillo <geraldine@mvguam.com>, Joy White <joy@mvguam.com>, Louella Losinio <louella@mvguam.com>, david@mvguam.com, John Paul Manuel <jpmanuel@gmail.com>, josh@spbg Guam.com, Speaker Judi Won Pat <speaker@judiwonpat.com>, Vice Speaker Benjamin Cruz <senadotbjacruz@aol.com>, Senator Tina Muña Barnes <senator@tinamunabarnes.com>, Senator Rory Respicio <roryforguam@gmail.com>, "Senator Dennis Rodriguez, Jr." <senatordrodriguez@gmail.com>, Senator Ben Pangelinan <senbenp@guam.net>, Senator Tom Ada <office@senatorada.org>, Senator Aline Yamashita <aline4families@gmail.com>, Senator Tony Ada <tony@tonyada.com>, Senator Chris Duenas <duenasenator@gmail.com>, Brant McCreddie <brantforguam@gmail.com>, "Senator Frank Aguon, Jr." <aguon4guam@gmail.com>, Senator Mike Limtiaco <mike@mikelimtiaco.com>, Senator Tommy Morrison <tommy@senatormorrison.com>, mayormcdonald@hotmail.com, agatmayorsoffice@hotmail.com, asanmainamayorsoffice@yahoo.com, bmoadmin@teleguam.net, Jessy Gogue <ocp.mayor@gmail.com>, MELISSA SAVARES <melissa.savares@gmail.com>, peter_daigo@hotmail.com, hagatnamayor@hotmail.com, Doris Lujan <mayordorisfloreslujan@gmail.com>, nblas_mangilaomayor@yahoo.com, vicemayor_allan.ungacta@yahoo.com, mayorernestc@yahoo.com, mtm_mayors_office@yahoo.com, pitimayor@yahoo.com, guammayor@gmail.com, rudyiriarte@gmail.com, talofomayor@gmail.com, "Mayor Louise C. Rivera" <mayorlcrivera.tatuha@gmail.com>, "Vice Mayor Ken C. Santos" <vicemayorksantos.tatuha@gmail.com>, Umatac Mayor <umatacmo@gmail.com>, kones.r@gmail.com, arleen81@gmail.com, kenjoeada@yahoo.com, msavares@teleguam.net, anghet@hotmail.com, Ken Quintanilla <kenq@kuam.com>, raymond.gibson@guam.gov, daleealvarez@gmail.com, Responsible Guam <responsibleguam@gmail.com>, christopherchenay@gmail.com, floterlaje@gmail.com, Derick Baza-Hills <derickbazahills@gmail.com>, regineb.lee@gmail.com, chuck.ada@guamairport.net, peterroy@guamairport.net, lorilee.crisostomo@bsp.guam.gov, doagridir@yahoo.com, george.santos@dol.guam.gov, carl.dominguez@dpw.guam.gov, jay.rojas@dpw.guam.gov, eduardo.ordonez@clb.guam.gov, cgarcia@investguam.com, eric.palacios@epa.guam.gov, felixberto.dungca@grta.guam.gov, kpangelinan@visitguam.org, ndenight@visitguam.org, jbrown@portguam.com, monte.mafnas@dflm.guam.gov, david.camacho@galc.guam.gov, Michael Duenas <mjduenas@ghura.org>, fcamacho@ghura.org, martin.benavente@ghc.guam.gov, alfredo.antolin@dol.guam.gov, joseph.cameron@hrra.guam.gov, cgogue@pbsguam.org, Adonis.mendiola@dya.guam.gov, jose.sanagustin@doc.guam.gov, pedro.leonguerrero@cqa.guam.gov, joey.sannicolas@gfd.guam.gov, fred.bordallo@gpd.guam.gov, chief@gpd.guam.gov, jim.mcdonald@ghs.guam.gov, benito.servino@disid.guam.gov, james.gillan@dphss.guam.gov, leo.casil@dphss.guam.gov, joseph.verga@gmha.org, john.rios@bbmr.guam.gov, Benita.manglona@doa.guam.gov, Anthony.blaz@doa.guam.gov, John Camacho <jpcamacho@revtax.gov.gu>, Marie Benito <mmbenito@revtax.gov.gu>, benny.m.paulino@ng.army.mil, john.unpingco@gvao.guam.gov,

jonfernandez@gdoe.net, mary.okada@guamcc.edu, raunderwood@uguam.uog.edu, jlflores@gpagwa.com, Ed Cruz <ed.cruz@bit.guam.gov>, law@guamag.org, Sonny Ada <sonnyada@guam.net>, dgtaitano@mail.com

Håfa adai,

Please be advised that the Committee on Aviation, Ground Transportation, Regulatory Concerns and Future Generations will be conducting a hearing on Monday, April 8, 2013, 10:00 a.m. The hearing will take place in / *Liheslaturan Guåhan's* Public Hearing Room. See attachments for more information. Thank you for your time and attention on this matter.

Regards,

Jermaine Alerta

Chief Policy Analyst

Office of Senator Michael F.Q. San Nicolas

1 Mina' Trentai Dos na Liheslaturan Guåhan


32nd Guam Legislature


Tel: (671) 472-6453


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Senator Michael F.Q. San Nicolas

Chairman - Committee on Aviation, Ground Transportation,
Regulatory Concerns and Future Generations
I Mina'trentai Dos Na Liheslaturan Guåhan | 32nd Guam Legislature



FIRST PUBLIC NOTICE

FOR IMMEDIATE RELEASE

April 1, 2013

In accordance with the Open Government Law, relative to notice for public meetings, please be advised that the Committee on Aviation, Ground Transportation, Regulatory Concerns and Future Generations will be conducting a hearing on **Monday, April 8, 2013, 10:00 a.m.** at *I Liheslaturan Guåhan*'s Public Hearing Room for the following items:

Public Hearing

Bill No. 64-32 (COR), introduced by Vicente C. Pangelinan: AN ACT TO ADD A NEW CHAPTER 12, DIVISION 2, TITLE 22 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE LICENSING OF SERVICE CONTRACTS SOLD ON GUAM

Confirmation Hearing

Appointment of Donald G. Taitano, Member, Cockpit License Board
Length of Term: One (1) Year

Appointment of Pedro Perez Ada III, Member, Guam International Airport Authority Board of Directors
Length of Term: Three (3) Years

If written testimonies are to be presented at the hearing, copies should be delivered prior to the meeting date. Testimonies should be addressed to Senator Michael F.Q. San Nicolas and will be accepted via hand delivery to our office; our mailbox at the Main Legislature Building at 155 Hesler Place, Hagatna, Guam 96910; or via email to senatorsannicolas@gmail.com. In compliance with the Americans with Disabilities Act, individuals requiring special accommodations or services should contact the Office of Senator Michael F.Q. San Nicolas at 472-6453.

###



Second Notice - 4.8.13 Public/Confirmation Hearing

Senator Michael San Nicolas <senatorsannicolas@gmail.com>

Thu, Apr 4, 2013 at 10:19 AM

To: Senator Michael San Nicolas <senatorsannicolas@gmail.com>

Bcc: aperez@gpagwa.com, Brett Kelman <bmkelman@guampdn.com>, Duane George <dmgeorge@guampdn.com>, Dionesis Tamondong <dtamondong@guampdn.com>, Ed Davis <edavis@k57.com>, Jon Anderson <editor@mvguam.com>, Gerry Partido <gerry@mvguam.com>, gmmsinc@guam.net, info@chinesetimesguam.com, Jason Salas <jason@kuam.com>, John Davis <john@kuam.com>, Kelly Cho <kcn.kelly@gmail.com>, Korean News <koreannews@guam.net>, KPRG <kprg@guam.net>, PDN Lifestyle <life@guampdn.com>, mabuhaynews@yahoo.com, Mindy Aguon <mindy@kuam.com>, mwatanabe@guampdn.com, K57 <news@k57.com>, Patti Arroyo <parroyo@k57.com>, radioprod@kuam.com, Ray Gibson <rgibson@k57.com>, Sabrina Salas Matanane <sabrina@kuam.com>, Steve Limtiaco <slimtiaco@guampdn.com>, sports@mvguam.com, tcoffman@k57.com, dcrisost@guam.gannett.com, Maureen Maratita <publisher@glimpsesofofguam.com>, weavert@pstripes.osd.mil, Pacific Daily News <news@guampdn.com>, jtyquiengco@spbg Guam.com, kevin@spbg Guam.com, hill.bruce@abc.net.au, Bruce Hill <pacificjournalist@gmail.com>, parroyo@spbg Guam.com, editor@saipantribune.com, Clynt Ridgell <clynt@spbg Guam.com>, mcpherson.kathryn@abc.net.au, cimiculka@guampdn.com, arcordoba@guampdn.com, communications@guam.gov, natalie.quinata@guam.gov, Troy Torres <troy.torres@guam.gov>, phnotice@guamlegislature.org, Jermaine Alerta <alerta.jermaine@gmail.com>, Matthew Baza <baza.matthew@gmail.com>, delisakloppenburg@gmail.com, Geraldine Castillo <geraldine@mvguam.com>, Joy White <joy@mvguam.com>, Louella Losinio <louella@mvguam.com>, david@mvguam.com, John Paul Manuel <jpmanuel@gmail.com>, josh@spbg Guam.com, Speaker Judi Won Pat <speaker@judiwonpat.com>, Vice Speaker Benjamin Cruz <senadotbjacruz@aol.com>, Senator Tina Muña Barnes <senator@tinamunabarnes.com>, Senator Rory Respicio <roryforguam@gmail.com>, "Senator Dennis Rodriguez, Jr." <senatordrodriguez@gmail.com>, Senator Ben Pangelinan <senbenp@guam.net>, Senator Tom Ada <office@senatorada.org>, Senator Aline Yamashita <aline4families@gmail.com>, Senator Tony Ada <tony@tonyada.com>, Senator Chris Duenas <duenasenator@gmail.com>, Brant McCreddie <brantforguam@gmail.com>, "Senator Frank Aguon, Jr." <aguon4guam@gmail.com>, Senator Mike Limtiaco <mike@mikelimtiaco.com>, Senator Tommy Morrison <tommy@senatormorrison.com>, mayormcdonald@hotmail.com, agatmayorsoffice@hotmail.com, asanmainamayorsoffice@yahoo.com, bmoadmin@teleguam.net, Jessy Gogue <ocp.mayor@gmail.com>, MELISSA SAVARES <melissa.savares@gmail.com>, peter_daigo@hotmail.com, hagatnamayor@hotmail.com, Doris Lujan <mayordorisfloreslujan@gmail.com>, nblas_mangilaomayor@yahoo.com, vicemayor_allan.ungacta@yahoo.com, mayorernestc@yahoo.com, mtm_mayors_office@yahoo.com, pitimayor@yahoo.com, guammayor@gmail.com, rudyiriarte@gmail.com, talofotomayor@gmail.com, "Mayor Louise C. Rivera" <mayorlcrivera.tatuha@gmail.com>, "Vice Mayor Ken C. Santos" <vicemayorksantos.tatuha@gmail.com>, Umatac Mayor <umatacmo@gmail.com>, kones.r@gmail.com, arleen81@gmail.com, kenjoeada@yahoo.com, msavares@teleguam.net, anghet@hotmail.com, Ken Quintanilla <kenq@kuam.com>, raymond.gibson@guam.gov, daleealvarez@gmail.com, Responsible Guam <responsibleguam@gmail.com>, christopherchenay@gmail.com, floterlaje@gmail.com, Derick Baza-Hills <derickbazahills@gmail.com>, regineb.lee@gmail.com, chuck.ada@guamairport.net, peterroy@guamairport.net, lorilee.crisostomo@bsp.guam.gov, doagridir@yahoo.com, george.santos@dol.guam.gov, carl.dominguez@dpw.guam.gov, jay.rojas@dpw.guam.gov, eduardo.ordonez@clb.guam.gov, cgarcia@investguam.com, eric.palacios@epa.guam.gov, felixberto.dungca@grta.guam.gov, kpangelinan@visitguam.org, ndenight@visitguam.org, jbrown@portguam.com, monte.matnas@dflm.guam.gov, david.camacho@galc.guam.gov, Michael Duenas <mjduenas@ghura.org>, fcamacho@ghura.org, martin.benavente@ghc.guam.gov, alfredo.antolin@dol.guam.gov, joseph.cameron@hrra.guam.gov, cgogue@pbsguam.org, Adonis.mendiola@dya.guam.gov, jose.sanagustin@doc.guam.gov, pedro.leonguerrero@cqa.guam.gov, joey.sannicolas@gfd.guam.gov, fred.bordallo@gpd.guam.gov, chief@gpd.guam.gov, jim.mcdonald@ghs.guam.gov, benito.servino@disid.guam.gov, james.gillan@dphss.guam.gov, leo.casil@dphss.guam.gov, joseph.verga@gmha.org, john.rios@bbmr.guam.gov, Benita.manglona@doa.guam.gov, Anthony.blaz@doa.guam.gov, John Camacho <jpcamacho@revtax.gov.gu>, Marie Benito <mmbenito@revtax.gov.gu>, benny.m.paulino@ng.army.mil, john.unpingco@gvao.guam.gov,

jonfernandez@gdoe.net, mary.okada@guamcc.edu, raunderwood@ugvam.uog.edu, jlflores@gpagwa.com, Ed Cruz <ed.cruz@bit.guam.gov>, law@guamag.org, dgtaitano@mail.com, Sonny Ada <sonnyada@guam.net>, jeana@guamairport.net, amandar@guamairport.net

Håfa adai,

Please be advised that the Committee on Aviation, Ground Transportation, Regulatory Concerns and Future Generations will be conducting a hearing on Monday, April 8, 2013, 10:00 a.m. The hearing will take place in / *Liheslaturan Guåhan's* Public Hearing Room. See attachments for more information. Thank you for your time and attention on this matter.

Regards,

Jermaine Alerta

Chief Policy Analyst

Office of Senator Michael F.Q. San Nicolas

1 Mina' Trentai Dos na Liheslaturan Guahan


32nd Guam Legislature


Tel: (671) 472-6453


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Senator Michael F.Q. San Nicolas

Chairman - Committee on Aviation, Ground Transportation,
Regulatory Concerns and Future Generations
I Mina'trentai Dos Na Liheslaturan Guåhan | 32nd Guam Legislature



SECOND PUBLIC NOTICE

FOR IMMEDIATE RELEASE

April 4, 2013

In accordance with the Open Government Law, relative to notice for public meetings, please be advised that the Committee on Aviation, Ground Transportation, Regulatory Concerns and Future Generations will be conducting a hearing on **Monday, April 8, 2013, 10:00 a.m.** at *I Liheslaturan Guåhan*'s Public Hearing Room for the following items:

Public Hearing

Bill No. 64-32 (COR), introduced by Vicente C. Pangelinan: AN ACT TO ADD A NEW CHAPTER 12, DIVISION 2, TITLE 22 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE LICENSING OF SERVICE CONTRACTS SOLD ON GUAM

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Length of Term: One (1) Year

Appointment of Pedro Perez Ada III, Member, Guam International Airport Authority Board of Directors
Length of Term: Three (3) Years

If written testimonies are to be presented at the hearing, copies should be delivered prior to the meeting date. Testimonies should be addressed to Senator Michael F.Q. San Nicolas and will be accepted via hand delivery to our office; our mailbox at the Main Legislature Building at 155 Hesler Place, Hagatna, Guam 96910; or via email to senatorsannicolas@gmail.com. In compliance with the Americans with Disabilities Act, individuals requiring special accommodations or services should contact the Office of Senator Michael F.Q. San Nicolas at 472-6453.

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Senator Michael F.Q. San Nicolas

Chairman - Committee on Aviation, Ground Transportation,
Regulatory Concerns and Future Generations
I Mina'trentai Dos Na Liheslaturan Guåhan | 32nd Guam Legislature



PUBLIC HEARING

Monday, April 8, 2013

10:00 a.m.

Public Hearing Room

I Liheslaturan Guåhan

AGENDA

- I. Call to Order**
- II. Opening Remarks/Announcements**
- III. Items for Public Consideration**

Bill No. 64-32 (COR), introduced by Vicente C. Pangelinan: AN ACT TO ADD A NEW CHAPTER 12, DIVISION 2, TITLE 22 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE LICENSING OF SERVICE CONTRACTS SOLD ON GUAM.

Appointment of Donald Taitano, Member, Cockpit License Board

Appointment of Pedro Perez Ada III, Member, Guam International Airport Authority Board of Directors

- IV. Closing Remarks**
- V. Adjournment**