



*Territory of Guam*  
*Territorion Guam*

OFFICE OF THE GOVERNOR  
U'FSINAN I MAGA'LAHI  
AGANA, GUAM 96910 U.S.A.

RECEIVED  
OFFICE OF THE SPEAKER  
DATE: 4/5/94  
TIME: 10:10am  
RECD BY: [Signature]

MAR 31 1994

The Honorable Joe T. San Agustin  
Speaker, Twenty-Second Guam Legislature  
155 Hesler Street  
Agana, Guam 96910

REFERRED TO  
LEGISLATIVE COUNCIL

[Signature]

Dear Mr. Speaker:

Transmitted herewith is Bill No. 16 which I have signed into law this date as  
Public Law 22-102.

Sincerely yours,

[Signature]  
JOSEPH F. ADA  
Governor of Guam

220609

Attachment

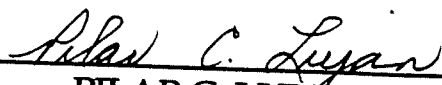
TWENTY-SECOND GUAM LEGISLATURE  
1994 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

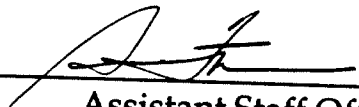
This is to certify that Substitute Bill No. 16 (LS), "AN ACT TO REQUIRE INSURANCE COMPANIES OPERATING ON GUAM TO PROVIDE LIABILITY INSURANCE FOR ALL MOTOR VEHICLES THAT PASS THE ANNUAL VEHICLE INSPECTIONS REGARDLESS OF AGE, BY REPEALING AND REENACTING SECTION 3 OF PUBLIC LAW NO. 20-216 AND BY ADDING SUBSECTION (4) TO §19103, TITLE 16, GUAM CODE ANNOTATED," was on the 14th day of March, 1994, duly and regularly passed.

  
\_\_\_\_\_  
JOE T. SAN AGUSTIN  
Speaker

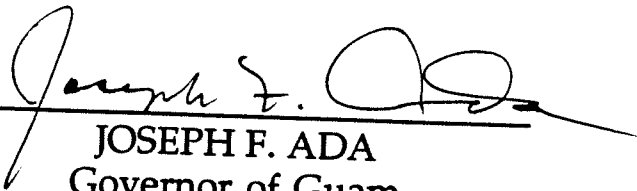
Attested:

  
\_\_\_\_\_  
PILAR C. LUJAN  
Senator and Legislative Secretary

-----  
This Act was received by the Governor this 21<sup>st</sup> day of March  
1994, at 11:01 o'clock A.M.

  
\_\_\_\_\_  
Assistant Staff Officer  
Governor's Office

APPROVED:

  
\_\_\_\_\_  
JOSEPH F. ADA  
Governor of Guam

Date: MAR 31 1994

Public Law No. 22-102

TWENTY-SECOND GUAM LEGISLATURE  
1993 (FIRST) Regular Session

Bill No. 16 (LS)

As amended by the Committee on  
Economic-Agricultural Development  
and Insurance and as substituted by  
the Committee on Rules

Introduced by:

D. Parkinson  
V. C. Pangelinan  
H. D. Dierking  
J. T. San Agustin  
T. S. Nelson  
M. D. A. Manibusan  
T. C. Ada  
J. P. Aguon  
E. P. Arriola  
M. Z. Bordallo  
C. T. C. Gutierrez  
P. C. Lujan  
E. D. Reyes  
F. E. Santos  
D. L. G. Shimizu  
J. G. Bamba  
A. C. Blaz  
D. F. Brooks  
F. P. Camacho  
T. V. C. Tanaka  
A. R. Unpingco

AN ACT TO REQUIRE INSURANCE COMPANIES  
OPERATING ON GUAM TO PROVIDE LIABILITY  
INSURANCE FOR ALL MOTOR VEHICLES THAT PASS  
THE ANNUAL VEHICLE INSPECTIONS REGARDLESS OF  
AGE, BY REPEALING AND REENACTING SECTION 3 OF  
PUBLIC LAW NO. 20-216 AND BY ADDING SUBSECTION  
(4) TO §19103, TITLE 16, GUAM CODE ANNOTATED.

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

2           **Section 1. Legislative intent.** The Twentieth Guam Legislature  
3 enacted Public Law 20-216 making mandatory automobile liability insurance.  
4 However, since this law was enacted, many insurance companies operating  
5 on Guam have refused to provide liability insurance for cars that are ten or  
6 more years old. This situation has in effect made criminals of some of  
7 Guam's residents who are on the lower end of the economic ladder, including  
8 the young and those who, for a variety of reasons, own automobiles older  
9 than ten years, and therefore cannot obtain insurance through no fault of  
10 their own. In order to make the mandatory insurance law applicable to all  
11 automobile owners, it is the intent of the Legislature that insurance  
12 companies operating on Guam be required to provide liability insurance for  
13 all automobiles that pass the annual vehicle inspections.

14           **Section 2.** Section 3 of Public Law 20-216 is repealed and reenacted to  
15 read:

16           **"Section 3. New rates.** The Insurance Commissioner is hereby  
17 directed to implement a new rate and premium schedule for the  
18 purchase and sale of automobile insurance. The new schedule shall  
19 include provision of liability insurance for vehicles that are ten (10)  
20 years old or older that otherwise meet the mandatory automobile  
21 liability insurance requirements provided by this Act. If in the opinion  
22 of the Insurance Commissioner coverage for this class of vehicles is  
23 better suited for consideration under item (5) of subsection (a),  
24 §23105, Title 16, Guam Code Annotated, then after coordination  
25 with the insurance community, such required insurance coverage for  
26 older vehicles may be provided under such Chapter 23".

1           **Section 3.** New subsection (4) is added to §19103, Chapter 19, Title 16,  
2 Guam Code Annotated, to read:

3           "(4) (a) Failure of the insurer to provide notice of cancellation  
4 or non-renewal of a policy to the Director shall be punished by a fine  
5 in the sum of Five Hundred Dollars (\$500) per policy.

6           (b) The Director shall notify the insured by certified letter or  
7 other appropriate means that his insurance has been canceled. The  
8 insured will have thirty (30) days to procure a new policy or re-  
9 instate his policy. Failure to cure such deficiency in coverage shall be  
10 punished by a fine in the sum of Five Hundred Dollars (\$500) and  
11 shall subject the vehicle in question to impoundment, which  
12 impounded vehicle may only be released on the presentation of proof  
13 of insurance."

14           **Section 4. No adverse effect on existing policies.** Nothing contained in  
15 this Act shall affect the validity of any policy of insurance which was issued  
16 prior to the effective date of this Act. Those who are properly insured prior to  
17 the enactment of this Act are not affected by this Act.

18           **Section 5. Ninety days to establish rates.** The Director of Revenue and  
19 Taxation shall establish the new rates required under the provisions of  
20 Section 2 of this Act within ninety (90) days from this Act's effective date.

# TWENTY-SECOND GUAM LEGISLATURE

1994 (SECOND) Regular Session

Date: 3/14/94

## VOTING SHEET

(AS REVISED)

Bill No. 16

Resolution No. \_\_\_\_\_

Question: \_\_\_\_\_

NAME	AYE	NO	NOT VOTING/ ABSTAINED	ABSENT/ OUT DURING ROLL CALL
ADA, Thomas C.	✓			
AGUON, John P.	✓			
ARRIOLA, Elizabeth P.	✓			
BAMBA, J. George			✓	
BLAZ, Anthony C.	✓			
BORDALLO, Madeleine Z.	✓			
BROOKS, Doris F.	✓			
CAMACHO, Felix P.	✓			
DIERKING, Herminia D.	✓			
GUTIERREZ, Carl T. C.	✓			
LUJAN, Pilar C.	✓			
MANIBUSAN, Marilyn D. A.	✓			
NELSON, Ted S.	✓			
PANGELINAN, Vicente C.	✓			
PARKINSON, Don	✓			
REYES, Edward D.	✓			
SAN AGUSTIN, Joe T.	✓			
SANTOS, Francis E.			✓	
SHIMIZU, David L. G.	✓			
TANAKA, Thomas V. C.			✓	
UNPINGCO, Antonio R.			✓	

TOTAL

17    0    4    \_\_\_\_\_

Office of



The People

Senator Vicente C. Pangelinan  
Twenty-Second Guam Legislature

Chairman, Committee on Economic-Agricultural Development and Insurance  
130 Aspinall Avenue • Suite 101 • Agana Guam • 96910 Phone (671) 472-3552-4 Fax (671) 472-3556

November 15, 1993

Speaker Joe T. San Agustin  
Twenty-Second Guam Legislature  
155 Hesler St.  
Agana, Guam 96910

Dear Mr. Speaker,

The Committee on Economic-Agricultural Development and Insurance, to which was referred Bill 16 wishes to report back to the Legislature with its recommendation **TO DO PASS** as amended by the Committee. The voting record is as follows:

TO PASS	<u>10</u>
NOT TO PASS	<u>0</u>
ABSTAIN	<u>0</u>
TO PLACE IN INACTIVE FILE	<u>0</u>

Copies of the Committee Report and other pertinent documents are attached. Your attention to this matter is appreciated.

Sincerely,

  
VICENTE C. PANGELINAN

Attachments.

Office of



*The People*

Senator Vicente C. Pangelinan  
Twenty-Second Guam Legislature

Chairman, Committee on Economic-Agricultural Development and Insurance  
130 Aspinall Avenue • Suite 101 • Agana Guam • 96910 Phone (671) 472-3552-4 Fax (671) 472-3556

November 15, 1993

MEMORANDUM


TO: Members, Committee on  
Economic-Agricultural Dev. & Insurance

FROM: Senator Vicente C. Pangelinan

Transmitted herewith for your information and action is the Committee Report concerning Bill 16. The narrative report is accompanied by the following:

1. Committee Voting Sheet
2. Written Testimony
3. Evidentiary Materials

Should you have any questions on the narrative report or the accompanying documents, I would be most happy to answer any of them. Please take the appropriate action on the attached voting sheet and return the documents to my office for transmittal to the other members. Your prompt attention and cooperation in this matter is greatly appreciated.

  
VICENTE C. PANGELINAN  
Chairman



Office of



The People

Senator Vicente C. Pangelinan  
Twenty-Second Guam Legislature

Chairman, Committee on Economic-Agricultural Development and Insurance  
130 Aspinall Avenue • Suite 101 • Agana Guam • 96910 Phone (671) 472-3552-4 Fax (671) 472-3556

COMMITTEE VOTING SHEET

SUBJECT: Committee Report on Bill 16 as amended by the Committee on Economic-Agricultural Development and Insurance.

Committee Members	Initial	To Pass	Not to Pass	Abstain	To Place InInactive File
V.C. Pangelinan	<i>VP</i>	✓	-----	-----	-----
T.C. Ada	<i>TA</i>	✓	-----	-----	-----
A.C. Blaz	-----	-----	-----	-----	-----
F.P. Camacho	<i>FC</i>	✓	-----	-----	-----
H.D. Dierking	<i>HD</i>	✓	-----	-----	-----
P.C. Lujan	<i>PL</i>	✓	-----	-----	-----
M.D.A. Manibusan	<i>MDA</i>	✓	-----	-----	-----
T. Nelson	<i>TN</i>	✓	-----	-----	-----
E.D. Reyes	<i>ER</i>	✓	-----	-----	-----
J.T. San Agustin	<i>JS</i>	✓	-----	-----	-----
T.V.C. Tanaka	<i>TVC</i>	✓	-----	-----	-----

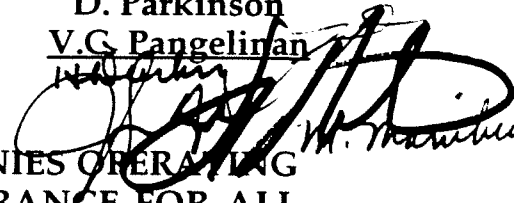
● ●  
**TWENTY-SECOND GUAM LEGISLATURE**  
**1993 (First) Regular Session**

**Bill No. 16**

Amended by the Committee on EAD&I

Introduced by:

D. Parkinson  
V.G. Pangelinan



**AN ACT TO REQUIRE INSURANCE COMPANIES OPERATING  
ON GUAM TO PROVIDE LIABILITY INSURANCE FOR ALL  
CARS REGARDLESS OF AGE, PROVIDING THEY PASS THE  
ANNUAL VEHICLE INSPECTIONS.**

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

2           **Section 1.** Legislative Intent. The 20th Guam Legislature enacted P.L. 20-  
3 216 to create a mandatory Automobile Liability Law. However, since P.L. 20-216  
4 was enacted many insurance companies operating on Guam have refused to  
5 provide liability insurance for cars that are 10 years old and older. This situation  
6 has in affect made criminals of some of our citizens who are on the lower end of  
7 the economic ladder, the young and those who, for a variety of reasons, own  
8 automobiles older than 10 year, and cannot obtain insurance through no fault of  
9 their own. In order to make the mandatory insurance law applicable to all  
10 people, it is the intent of the Legislature that insurance companies operating on  
11 Guam be required to provide liability insurance for all automobiles that have  
12 passed the vehicle inspection.

13           **Section 2.** Section 3 of P.L. 20-216 is amended to read:

14 "The Insurance Commissioner is hereby directed to implement a new rate and  
15 premium schedule for purchase and sale of automobile insurance. The new rate  
16 and premium shall include a provision for liability insurance on vehicles that are  
17 10 years old or older, and will meet the mandatory automobile liability insurance  
18 requirements provided by this pubic law. Or if in the opinion of the Insurance  
19 Commissioner provisions of coverage for this class of vehicles is better suited for

1 consideration under Title 16, Chapter 23, Section 23105, Subsection (a) (5), then  
2 after coordination with the insurance community, provide the required insurance  
3 coverage under Chapter 23".

4 ~~Section 3. [A new section is added to Title 16, Chapter 19 and reads:~~  
5 ~~"Section 19107. The Insurance Commissioner will in coordination with the~~  
6 ~~insurance community develop a visual (sticker) method of identifying vehicles~~  
7 ~~that are insured. The sticker issued by the insurance companies would carry the~~  
8 ~~policy number of the insurance policy that provides coverage for the vehicles on~~  
9 ~~which the sticker is attached. This sticker would also provide police with an easy~~  
10 ~~identification of properly insured vehicles.]~~ New Subsections (4) (c), and (d) are  
11 added to Section 19103 of Chapter 19, Title 16 Guam Code Annotated to read:

12 "(4) (c) Failure of the insurer to provide notice of cancellation  
13 or non-renewal of a policy to the Director will result in a fine in the  
14 sum of five hundred (\$500.00) dollars per policy.

15 (d) The Insurance Commissioner shall notify the insured by  
16 certified letter or other appropriate means that his insurance has  
17 been canceled. The insured will have 30 days to procure a new  
18 policy or re-instate his policy. Failure to cure such deficiency in  
19 coverage will result in a fine in the sum of five hundred (\$500.00)  
20 dollars and will subject the vehicle to impoundment. Vehicle shall be  
21 released upon the presentation of proof of insurance.

22 ~~[Section 4. Effective date for this new requirement is 90 days after~~  
23 ~~enactment of this law, to allow insurance companies to establish new rates and~~  
24 ~~premium schedules and to obtain the stickers.]~~

25 **Section 5.** Nothing contained herein shall affect the validity of any policy of  
26 insurance which was issued prior to the effective date of this Act. Members of  
27 the public who are properly insured are not affected by this Act.

# COMMITTEE ON ECONOMIC-AGRICULTURAL DEVELOPMENT AND INSURANCE

## Committee Report on Bill 16

- An act to require insurance companies operating on Guam to provide liability insurance for all cars regardless of age, providing they pass the annual vehicle inspections.

### OVERVIEW

On January 14, 1993 Senator Herminia Dierking Chairperson on Rules referred Bill 16 to the Committee on Economic-Agricultural Development and Insurance.

On September 2, 1993, the Committee on Economic-Agricultural Development and Insurance, having jurisdiction over insurance matters, conducted a hearing at 8:00 AM on Bill 16 in the Public Hearing Room, Guam Legislature Temporary Building in Agana.

Committee Chairman Vicente C. Pangelinan presided and the following members were present: Vice Chairman Thomas C. Ada, Committee members Ted Nelson, Felix Camacho and Speaker Joe T. San Agustin.

### SUMMARY OF TESTIMONY

In written testimony submitted to the Committee, Mr. Joaquin Blaz, Director of Revenue and Taxation (Ex-Officio Insurance Commissioner of Guam) stated, "Any applicant for mandatory automobile liability insurance who can not secure coverage in the voluntary market can secure coverage under the Guam Automobile Assigned Risk Plan. This plan took effect last November 1, 1992."

Director Blaz further states, "Under the Assigned Risk Plan if an applicant has no record of any traffic violation, the standard insurance premium shall apply regardless of the age of the vehicle."

Mr. Blaz stated that he felt that there are problems with the suggested program of issuing of stickers to identify insured automobiles. Currently, some insurers purchase insurance by paying a deposit on the premium and then have their insurance canceled. It is conceivable that some of these canceled policyholders will not surrender their stickers.

In conclusion Director Blaz states, "I am at this time not in favor of the use of stickers. I am however, in favor of the provisions of Bill 16 which requires property and casualty insurance companies to insure ten year or older vehicles that meet safety inspection standards".

Mr. Bill Dippel of Baldwin's Insurance expressed concerns that there are many policies canceled for non-payment of premium and people in this situation have coverage long enough to get their vehicle registered but have no coverage for the rest of the year. Mr. Dippel further stated that annual premium of a policy must be paid in full prior to issuance of a sticker and the Mandatory Insurance portion of a policy is non-cancelable and non-refundable, in order to be sure that there is insurance in force for the period listed on the sticker.

Ian Balfour, Chairman of the Insurance Association of Guam, stated that the insurance industry is ready to cover vehicles ten years and older provided that the Insurance Commissioner will allow realistic rates for this class of risk and provided that something is done to ensure vehicle testing operators strictly enforce the testing standards. Balfour further states that if the insurance industry is forced to insure unsafe vehicles by Bill 16, Bill 16 will most certainly force the whole community to bear the cost by way of higher premiums.

Raymond A. Schnabel, Vice-Chairman, Insurance Association of Guam, submitted a letter, dated February 24, 1993 to the Committee on Economic-Agricultural Development and Insurance, stating that the intent of Bill 16 has already been addressed by the Assigned Risk Plan which was implemented by the Insurance Commissioner on November 1, 1992. Mr. Schnabel states, "under the Assigned Risk Plan, owners of vehicles older than ten years will have automobile liability insurance available to them at pricing no higher than that of newer vehicles. Under the proposed bill, owners

of vehicles older than ten years will undoubtedly be paying a higher price".

### ISSUES, FINDINGS AND RECOMMENDATIONS

The committee finds that although there is the option of the assigned risk pool for liability coverage, it is still desirable that a law be passed to require insurers to provide coverage for automobiles ten years and older.

The committee suggested amendments to the bill which will require insurance companies to notify the Motor Vehicle Division of all canceled policies. The Motor Vehicle Division will notify the policyholder that he is in a non-compliance of the law and has 30 days to comply. Failure to do so will subject him to a \$500.00 fine and impoundment of the vehicle. This will present the canceled policyholder with the option of paying the fine or re-instating his insurance. Given the choice of paying a fine or paying his premium, the policyholder will most likely pay for insurance, thus achieving the goal of bringing him back into the pool of insured motorists.

With the above suggested changes, the Committee reports Bill 16 out of Committee with a recommendation of **TO DO PASS**.

TWENTY-SECOND GUAM LEGISLATURE  
1993 (FIRST) Regular Session

JUN 04 '93

Bill No. 16 (LS)  
Introduced by:

D. Parkinson

EADT

**AN ACT TO REQUIRE INSURANCE COMPANIES  
OPERATING ON GUAM TO PROVIDE LIABILITY  
INSURANCE FOR ALL CARS REGARDLESS OF AGE,  
PROVIDING THEY PASS THE ANNUAL VEHICLE  
INSPECTIONS.**

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

**Section 1. Legislative Intent.** The 20th Guam Legislature enacted P. L. 20-216 to create a mandatory Automobile Liability Insurance Law. However, since PL 20-216 was enacted many insurance companies operating on Guam have refused to provide liability insurance for cars that are 10 years old or older. This situation has in affect made criminals of some of our citizens who are on the lower end of the economic ladder, the young and those who, for a variety of reasons, own automobiles older than 10 years, and cannot obtain insurance through no fault of their own. In order to make the mandatory insurance law applicable to all people, it is the intent of the Legislature that insurance companies operating on Guam be required to provide liability insurance for all automobiles that have passed the vehicle inspection.

**Section 2.** Section 3 of P.L. 20-216 is amended to read:

"The Insurance Commissioner is hereby directed to implement a new rate and premium schedule for purchase and sale of automobile

insurance. The new rate and premium shall include a provision for liability insurance on vehicles that are 10 years old or older, and will meet the mandatory automobile liability insurance requirements provided by this public law. Or if in the opinion of the Insurance commissioner provision of coverage for this class of vehicles is better suited for consideration under Title 16, Chapter 23, Section 23105, subsection (a) (5), then after coordination with the insurance community, provide the required insurance coverage under Chapter 23".

**Section 3.** A new section is added to Title 16, Chapter 19 and reads:

"Section 19107. The Insurance Commissioner will in coordination with the Insurance Community develop a visual (sticker) method of identifying vehicles that are insured. The sticker issued by the insurance companies would carry the policy number of the insurance policy that provides coverage for the vehicle on which the sticker is attached. This sticker would also provide police with an easy identification of properly insured vehicles.

**Section 4.** Effective date for this new requirement is 90 days after enactment of this law, to allow insurance companies to establish new rates and premium schedules and to obtain the stickers.

**Section 5.** Nothing contained herein shall affect the validity of any policy of insurance which was issued prior



to the effective date of this Act. Members of the public  
who are properly insured are not affected by this Act.

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JOSEPH F. ADA  
Governor

FRANK F. BLAS  
Lieutenant Governor

DEPARTMENT OF

# REVENUE & TAXATION

GOVERNMENT OF GUAM

JOAQUIN G. BLAZ, Director • V.M. CONCEPCION, Deputy Director

SEP 02 1993

Honorable Vicente C. Pangelinan  
Chairman  
Committee on Economic-Agricultural  
Development and Insurance  
Twenty-Second Guam Legislature  
130 Aspinall Avenue, Suite 101  
Agana, Guam 96910

**RE: Bill No. 16, An Act to require insurance companies operating on Guam to provide liability insurance for all cars regardless of their age, providing they pass annual vehicle inspections.**

Dear Mr. Chairman and Members of the Committee:

My name is Joaquin G. Blaz. I am the Director of the Department of Revenue and Taxation and the Ex-Officio Insurance Commissioner of Guam. I would like to take this opportunity to submit my testimony on Bill No. 16.

Currently, our office has observed that most motor vehicles that are ten years or older are not insured in the voluntary market by insurance companies in Guam. However, any applicant for mandatory automobile liability insurance who can not secure coverage in the voluntary market can secure coverage under the Guam Automobile Assigned Risk Plan. This plan took effect last November 1, 1992.

Under the Guam Automobile Assigned Risk Plan, old motor vehicles have been in fact insured upon assignment to insurance companies. The rate being charged is the standard rate for each driver classification. Surcharges, if any are based on the number of penalty points accumulated by the applicant(s) for automobile liability insurance coverage. In short, if an applicant has no record of any traffic violation, the standard insurance premium shall apply regardless of the age of the vehicle.

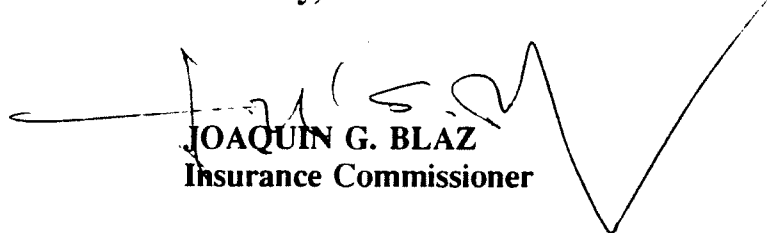
Under current insurance regulations which took effect on May 6, 1991, all insurance companies are required to provide each insured vehicle an identification card. This card should contain the basic information such as name and address of insurer, name and address of insured, policy number, effective dates of policy and description of the motor vehicle insured. This card shall be in the possession of the operator of the vehicle and is required to be produced upon request of any police officer or of any party involved in an accident with the insured.

Vehicles are registered by Motor Vehicle Division of our Department only after an applicant has shown or exhibited proof of coverage for automobile liability insurance. Subsequent to the registration, the insurance for the vehicle is canceled by the Insurance company. Notice is sent to the applicant to show proof of insurance coverage. Some applicants comply. Others do not.

Based upon these observations, it is conceivable that a vehicle is insured, is given a sticker good for one year and then is canceled for coverage before the one year expiration date of the policy. I am not certain that owners of vehicles whose automobile liability insurance coverage is canceled will voluntarily surrender their stickers.

Due to the foregoing observations, I am at this time not in favor of the use of stickers. I am, however, in favor of the provisions of Bill No. 16 which requires property and casualty insurance companies to insure ten year or older vehicles that meet safety inspection standards. Respectfully submitted.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joaquin G. Blaz', is written over the typed name. The signature is stylized and includes a large checkmark-like flourish on the right side.

**JOAQUIN G. BLAZ**  
Insurance Commissioner

BILL DIPPEL, C  
INSURANCE & INVESTMENTS

P.O. Box 13072

Tamuning, GUAM 96931

FAX 671-646-5734  
671-649-5145

September 1, 1993

Senator V. C. Pangelinan  
Twenty-Second Guam Legislature

RE: Bill 16 - Section 2

Dear Ben,

The following are my personal observations as one who is active in the insurance industry.

In order to be sure that there is insurance in force for the period listed on the sticker, two things must happen.

1. The annual premium must be paid in full prior to issue of the sticker.
2. The Mandatory Insurance portion of a policy is non-cancelable and non-refundable.

I can assure you that there are many policies cancelled for non-payment of premium. People in this situation have coverage long enough to get their vehicle registered but have no coverage for most of the year.

Bill Dippel



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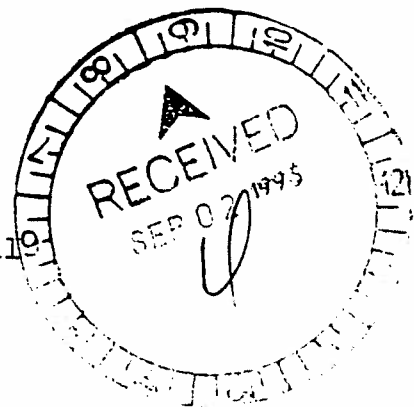
Ian N. Ralfour  
Chairman  
Tel: 646-1183

Ray Schnabel  
Vice-Chairman  
Tel: 472-6861-8

Kevin O'Reilly  
Secretary-Treasurer  
Tel: 646-1866

September 1, 1993

Senator Vicente C. Pangelinan  
Chairman  
Committee on Economic - Agricultural  
Development and Insurance  
Agana, Guam  
HAND DELIVER



**1993 Member Companies:**

- American Home Assurance Co.
- Chung Kuo Insurance Co., Ltd.
- The Dai-Tokyo Fire & Marine Company, Ltd.
- Korea Automobile Fire & Marine Insurance Company
- Mitsui Marine & Fire Insurance Company
- National Pacific Insurance Inc.
- National Union Fire Insurance Of Pittsburgh, PA.
- New Hampshire Insurance Co.
- New Zealand Insurance Co., Ltd.
- Pacific Indemnity Co.
- Tokio Marine & Fire Insurance Company
- Yasuda Fire & Marine Insurance Co., Ltd.
- Zurich Insurance (Guam), Inc.

**SUBJECT: Bill 16 - An Act to require companies, operating in Guam, to provide Liability Insurance for all cars, regardless of their age, providing they pass the Annual Vehicle Inspections.**

Dear Mr. Chairman:

The Insurance Association of Guam welcomes the opportunity to make comments on the proposed Bill and thanks you for this open forum.

Historically carriers have been prepared to provide Liability only cover on most vehicles. Some classes of vehicles have been shown to be prone to higher costs of repairs, or an increase in claims frequency due to wear and tear (aging).

When the carrier could rely on stringent annual vehicle safety inspections they were prepared to underwrite older vehicles, with the comfort and assurance that the vehicle had undergone an annual safety check and had passed a form of quality control.

The insurance industry has been a strong advocate of road-worthy vehicles and applauds the current legal requirements for an annual vehicle inspection.

However, for the law to be effective it must be strictly enforced and it is not at present.

Many people at this hearing, including Senators will undoubtedly recall many occasions in which they have observed vehicles in various stages of disrepair and should not be on the road. In many cases, these are death traps waiting for an accident to happen.

Senator V. Pangelinan  
September 1, 1993  
Page 2

We as an industry are quite ready and willing to cover these older vehicles provided:

1. The Commissioner of Insurance will allow a realistic rate for this class of risk, and
2. Provided something is done to ensure Vehicle Testing operators strictly enforce the testing standards and don't simply "rubber stamp" their vehicle testing report.

By simply forcing the insurance industry to write these risks, (by introducing this law), will not stop the abuse of the Vehicle Testing Report, and it provides no safeguards for the industry. If anything, this Bill will give added comfort to the Vehicle Testing operators who know that if they pass every vehicle, whether it fails, or not, it will have to be covered by insurance.

Ultimately, all insurance costs are borne by the whole community. If we allow unsafe vehicles to be insured and as a result of their unsafe condition accidents occur, the losses will ultimately be passed onto consumers by way of higher premiums.

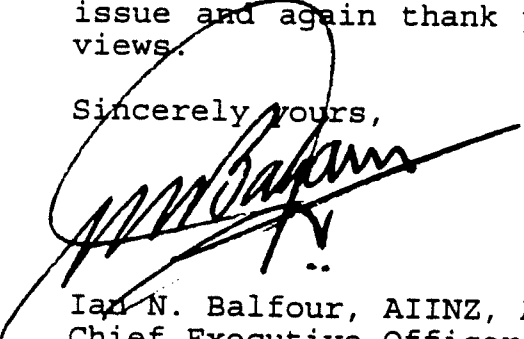
We should be encouraging stricter controls on safer vehicles, not providing an easy way out by passing the buck onto the industry.

We have a couple of questions we would like to ask:

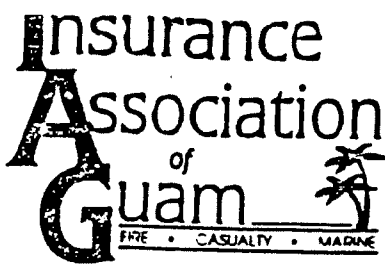
- a. If a vehicle is involved in an accident and it is found to have roadworthiness faults, who is liable? The insurance carrier, or the Vehicle Testing operator?
- b. Will it be "compulsory" for a carrier to accept these older vehicles, or will the vehicle go into the assigned risk pool, if he can't get a carrier to accept the risk?

We look forward to working with your Committee on this important issue and again thank you for the opportunity of presenting our views.

Sincerely yours,



Ian N. Balfour, AINZ, AAI, FNZIM  
Chief Executive Officer/  
General Manager



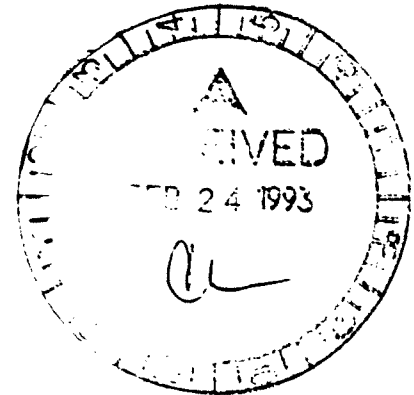
- Chung Kuo Insurance Co., Ltd.
- CIGNA
- CIGNA Property & Casualty
- Continental Insurance Company
- The Dai-Tokyo Fire & Marine Company, Ltd.
- Insurance Company of North America

- Korea Automobile, Fire & Marine Insurance Company
- Mitsui Marine & Fire Insurance Company
- National Pacific Insurance, Inc.
- National Union Fire Insurance Company

- New Hampshire Insurance Co.
- New Zealand Insurance Co., Ltd.
- Tokio Marine & Fire Insurance Company
- Yasuda Fire & Marine Insurance Company, Ltd.
- Zurich Insurance (Guam), Inc.

February 24, 1993

Honorable Ben Pangelinan  
Chairman, Committee on Economic/Agricultural  
Development, Insurance and Bonds  
22nd Guam Legislature  
Biscoe Bldg.  
Agana, Guam 96910



Re: Bill No. 16 (Mandatory Liability Insurance)

Dear Senator Pangelinan:

As you are aware, the above bill has been referred to your committee. The bill effectively mandates insurance companies to accept vehicles over ten years old. As you may also be aware, the intent of this bill has already been addressed by the Assigned Risk Plan which was implemented by the Insurance Commissioner on November 1, 1992.

Under the Assigned Risk Plan, owners of vehicles older than ten years will have automobile liability insurance available to them at pricing no higher than that of newer vehicles. Under the proposed bill, owners of vehicles older than ten years will undoubtedly be paying a higher price.

As representatives of the insurance industry, the Insurance Association believes the proposed law to be redundant and adverse to those whom the law is attempting to protect.

Sincerely,

Raymond A. Schnabel  
Chairman - Legislative Committee

cc: Joaquin G. Blaz: Insurance Commissioner  
Ian Balfour: Chairman-Guam Insurance Association

TWENTY-SECOND GUAM LEGISLATURE  
1993 (FIRST) Regular Session

Introduced

JAN 04 '93

Bill No. 16 (LS)  
Introduced by:

D. Parkinson

**AN ACT TO REQUIRE INSURANCE COMPANIES  
OPERATING ON GUAM TO PROVIDE LIABILITY  
INSURANCE FOR ALL CARS REGARDLESS OF AGE,  
PROVIDING THEY PASS THE ANNUAL VEHICLE  
INSPECTIONS.**

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

**Section 1.** Legislative Intent. The 20th Guam Legislature enacted P. L. 20-216 to create a mandatory Automobile Liability Insurance Law. However, since PL 20-216 was enacted many insurance companies operating on Guam have refused to provide liability insurance for cars that are 10 years old or older. This situation has in affect made criminals of some of our citizens who are on the lower end of the economic ladder, the young and those who, for a variety of reasons, own automobiles older than 10 years, and cannot obtain insurance through no fault of their own. In order to make the mandatory insurance law applicable to all people, it is the intent of the Legislature that insurance companies operating on Guam be required to provide liability insurance for all automobiles that have passed the vehicle inspection.

**Section 2.** Section 3 of P.L. 20-216 is amended to read:

"The Insurance Commissioner is hereby directed to implement a new rate and premium schedule for purchase and sale of automobile



insurance. The new rate and premium shall include a provision for liability insurance on vehicles that are 10 years old or older, and will meet the mandatory automobile liability insurance requirements provided by this public law. Or if in the opinion of the Insurance commissioner provision of coverage for this class of vehicles is better suited for consideration under Title 16, Chapter 23, Section 23105, subsection (a) (5), then after coordination with the insurance community, provide the required insurance coverage under Chapter 23".

**Section 3.** A new section is added to Title 16, Chapter 19 and reads:

"Section 19107. The Insurance Commissioner will in coordination with the Insurance Community develop a visual (sticker) method of identifying vehicles that are insured. The sticker issued by the insurance companies would carry the policy number of the insurance policy that provides coverage for the vehicle on which the sticker is attached. This sticker would also provide police with an easy identification of properly insured vehicles.

**Section 4.** Effective date for this new requirement is 90 days after enactment of this law, to allow insurance companies to establish new rates and premium schedules and to obtain the stickers.

**Section 5.** Nothing contained herein shall affect the validity of any policy of insurance which was issued prior

to the effective date of this Act. Members of the public  
who are properly insured are not affected by this Act.

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