

Recd by PC Tujan
12/30/94
6:00 pm.



Territory of Guam
Toroloxion Guam

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

DEC 29 1994

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

Dear Mr. Speaker:

Transmitted herewith is Bill No. 1104, which I have signed into law this date as
Public Law 22-147.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Joseph F. Ada", is written over a large, stylized flourish.

JOSEPH F. ADA
Governor

220914

Attachment

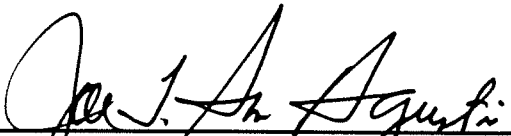


Commonwealth Now!

TWENTY-SECOND GUAM LEGISLATURE
1994 (SECOND) Regular Session

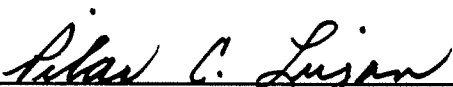
CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Substitute Bill No. 1104 (LS), "AN ACT TO AMEND §71501, CHAPTER 71, ARTICLE 5, TITLE 10, GUAM CODE ANNOTATED, ON INSURANCE REQUIREMENTS FOR PRIVATE SECURITY OFFICERS," was on the 9th day of December, 1994, duly and regularly passed.



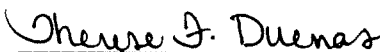
JOE T. SAN AGUSTIN
Speaker

Attested:



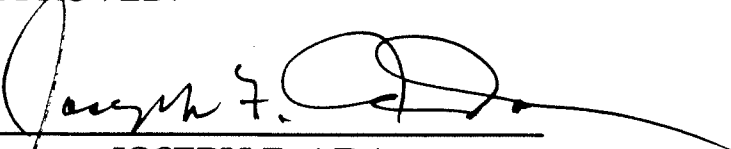
PILAR C. LUJAN
Senator and Legislative Secretary

This Act was received by the Governor this 19th day of December,
1994, at 4:39 o'clock P.M.



Assistant Staff Officer
Governor's Office

APPROVED:



JOSEPH F. ADA
Governor of Guam

Date: DEC 29 1994

Public Law No. 22-147

TWENTY-SECOND GUAM LEGISLATURE
1993 (FIRST) Regular Session

Bill No. 1104 (LS)

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

Introduced by:

V. C. Pangelinan
M. D. A. Manibusan
F. E. Santos
T. S. Nelson
T. C. Ada
J. P. Aguon
E. P. Arriola
M. Z. Bordallo
H. D. Dierking
C. T. C. Gutierrez
P. C. Lujan
D. Parkinson
E. D. Reyes
J. T. San Agustin
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 AMEND §71501, CHAPTER 71, ARTICLE 5,
TITLE 10, GUAM CODE ANNOTATED, ON
INSURANCE REQUIREMENTS FOR PRIVATE
SECURITY OFFICERS.

1

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

1 **Section 1. Legislative findings.** The Legislature finds that at the present
2 time, coverage for comprehensive general liability is not economically
3 available for private security organizations on the island. This situation has
4 caused serious problems for private security companies, thereby directly
5 impacting their ability to continue operations. The Legislature further finds
6 that general liability policies provide adequate coverage, protecting the
7 purchaser of security services under such policies. No policy is economically
8 available under the present limitations and requirements set by law.
9 Continuation of the current policy requirements set by law is forcing some
10 existing companies to cease operations and is threatening the survival of the
11 industry. In order to salvage the jobs and the economic contributions made by
12 this industry, the Legislature finds that it is necessary to amend the insurance
13 requirements for private security agencies.

14 **Section 2.** §71501, Article 5, Chapter 71, Title 10, Guam Code Annotated
15 is hereby amended to read:

16 "**§71501. Insurance requirements.** Each employer of private security
17 personnel shall file with the Department of Revenue and Taxation a
18 certificate of insurance evidencing general liability coverage for bodily injury,
19 personal injury, and property damage with endorsements for assault and
20 battery in the minimum annual aggregate amount of One Hundred Fifty
21 Thousand Dollars (\$150,000) for bodily or personal injury and a minimum
22 annual aggregate amount of One Hundred Thousand Dollars (\$100,000) for
23 property damage. All private security employers are required to secure a
24 policy with the least deductible amount. Any policy issued to a private
25 security employer with a deductible amount shall bear a certification from the
26 insurer, or its duly appointed general agent or sub-agent, and shall state that

1 the deductible set forth in the policy is the least amount duly approved by the
2 Insurance Commissioner.

3 If at any time the certificate of insurance is revoked, then the department
4 shall revoke the business license."

VOTING SHEET
(as revised)

Bill No. 1104

12/9/94

Resolution No. _____

(Date)

Question: _____

Senators	Aye	No	Declined to Vote	Required to vote	Excused from voting	ABSENT/OUT DURING ROLL CALL
Ada, Thomas C.	✓					
AGUON, John P.	✓					
ARRIOLA, Elizabeth P.	✓					
BAMBA, George J.	✓					
BLAZ, Anthony C.	✓					
BORDALLO, Madeleine Z.						✓
BROOKS, Doris F.	✓					
CAMACHO, Felix P.	✓					
DIERKING, Hermina D.	✓					
GUTIERREZ, Carl T. C.	✓					
LUJAN, Pilar C.	✓					
MANIBUSAN, M. 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	20					1
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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

December 5, 1994

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 1104 wishes to report back to the Legislature with its recommendation **TO DO PASS**. The voting record is as follows:

TO PASS	<u>9</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
Chairman

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

December 2, 1994

MEMORANDUM

TO: Members, Committee on Economic-Agricultural Development
and Insurance

FROM: Senator Vicente C. Pangelinan, Chairman

SUBJECT: Committee Report & Voting Sheet

Transmitted herewith for your information and action is the
Committee Report concerning Bill 1104 with its recommendation **TO DO
PASS** as amended by this Committee.

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.
Your attention and cooperation in this manner is greatly appreciated.


vicente c. pangelinan

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 1104 AN ACT TO AMEND SECTION 71501, CHAPTER 71, ARTICLE 5, TITLE 10 GUAM CODE ANNOTATED RELATIVE TO INSURANCE REQUIREMENTS FOR PRIVATE SECURITY OFFICERS

Committee Members	Initials	To Pass	Not To Pass	Abstain	To Place In Inactive File
V.C. Pangelinan		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
T.C. Ada		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A.C. Blaz		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F.P. Camacho		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H.D. Dierking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
P.C. Lujan		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
M.D.A. Manibusan		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
T.S. Nelson		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E.D. Reyes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J.T. San Agustin		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F.E. Santos		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
T.V.C. Tanaka	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

TWENTY-SECOND GUAM LEGISLATURE
1994 (SECOND) Regular Session

Bill No. 1104
as amended by the Committee on
Economic-Agricultural Development
and Insurance
Introduced By:

V.C. Pangelinan
M.D. Manibusan


**AN ACT TO AMEND SECTION 71501, CHAPTER 71,
ARTICLE 5, TITLE 10 GUAM CODE ANNOTATED RELATIVE
TO INSURANCE REQUIREMENTS FOR PRIVATE SECURITY
OFFICERS.**

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

2 **Section 1. Legislative Findings.** The Legislature finds that at the present
3 time, coverage for comprehensive general liability is not economically
4 available for private security organizations on the island. This situation has
5 caused serious problems for private security companies thereby directly
6 impacting their ability to continue operations. The Legislature further finds
7 that general liability policies provide adequate coverage, thus protecting the
8 purchaser of security services under such policies. No policy is economically
9 available under the present limitations and requirements set by law.
10 Continuation of the current policy requirements set by law is forcing some
11 existing companies to cease operations and is threatening the survival of the
12 industry. In order to salvage the jobs and the economic contributions made by
13 this industry, the Legislature finds that it is necessary to amend the insurance
14 requirements for private security agencies.

15 **Section 2.** Section 71501, Article 5, Chapter 71, Title 10 Guam Code
16 Annotated is hereby amended to read:

17 **Section 71501. Insurance Requirements.** Each employer of private
18 security [~~officers~~] personnel shall file with the Department of Revenue and
19 Taxation a certificate of insurance evidencing [~~comprehensive~~] general liability

1 coverage for bodily injury, personal injury, and property damage with
2 endorsements for assault and battery [~~and personal injury, including false~~
3 ~~arrest, liable, slander, and invasion of privacy,~~] in the minimum [~~amount of~~
4 ~~Three Hundred Thousand Dollars (\$300,000.00)~~] annual aggregate amount of
5 One Hundred Fifty Thousand Dollars (\$150,000.00) for bodily or personal
6 injury and a minimum annual aggregate amount of One Hundred Thousand
7 Dollars (\$100,000.00) for property damage. All private security employers are
8 required to secure a policy with the least deductible amount. Any policy
9 issued to a private security employer with a deductible amount shall bear a
10 certification from the insurer, or it's duly appointed general agent, or sub-agent
11 and shall state that the deductible set forth in the policy is the least amount
12 duly approved by the Insurance Commissioner.

13 [~~The certificate of insurance shall contain an endorsement for damage to~~
14 ~~property in the care, custody and control of the Private Security Officer. The~~
15 ~~certificate of insurance shall indicate that coverage of the employer is without~~
16 ~~any deductible amount. If the Insurance Commissioner certifies that the~~
17 ~~employer is unable to acquire an insurance policy without a non-deductible~~
18 ~~clause then the Insurance Commissioner shall certify that the policy acquired~~
19 ~~by the employer is a policy with the least deductible amount. The department~~
20 ~~shall not issue a license to the employer until the certificate of insurance is on~~
21 ~~file.] If at any time the certificate of insurance is revoked, then the department
22 shall revoke the business license."
23~~

COMMITTEE ON ECONOMIC-AGRICULTURAL
DEVELOPMENT AND INSURANCE

Committee Report
on Bill 1104

AN ACT TO AMEND SECTION 71501, ARTICLE 5, TITLE 10 GUAM CODE ANNOTATED RELATIVE TO INSURANCE REQUIREMENT FOR PRIVATE SECURITY OFFICERS.

I. Overview

The Committee on Economic-Agricultural Development and Insurance, having jurisdiction over insurance issues and having been referred Bill 1104 sponsored by Senator Vicente Pangelinan, conducted a public hearing on Thursday, October 06, 1994 in the public hearing room, Guam Legislature Temporary Building in Agana. Notice was published in the Pacific Daily News. Chairman Vicente Pangelinan presided and the following members were present: Vice-Chairman Thomas Ada, Senators Francis Santos, Marilyn Manibusan, Ted Nelson, and Pilar Lujan.

II. Summary of Testimony

Witnesses present were Mr. Adolfo Palacios, Vice-President and General Manager for Palacios Security Agency, Mr. Steve Brehm, Manager for Pacific Security Alarm, Mr. Joe Quitugua, President for Kal Tech Security Agency, and Mr. Ron San Nicolas, Operations Manager for San Nicolas Security. Written testimony was submitted by Mr. Palacios and Mr. Brehm.

Mr. Palacios stated that Palacios Security Agency supports Bill 1104. He recognizes that there is a need to protect the general public from the acts or the negligence of a security officer. No one argues with this provision in the current law.

However, Mr. Palacios feels that there are problems with the present mandates of PL 17-14 with respect to insurance requirements. Bill 1104 will provide for a more realistic and reasonable policy. The current situation where only one insurance company offers coverage under PL 17-14, creates the climate for monopoly and the condition for an artificially inflated premium. The requirements as called for in the current law has driven the premium cost to 10% on gross wages, with a deductible of \$25,000.00 per incident. The insurance

carrier requires that the premium be paid in up front. The premium is exorbitant to Palacios Security Agency.

For the year October 1990-1991, Palacios Security paid \$43,399 for that year's coverage. Palacios filed no claims during the year. For the year, 1991-1992, \$44,267 was paid, and the following year an adjustment of \$22,390 was made, because the insurance company claimed they underestimated the gross wages. This brought the actual premium paid for the 1991-1992 year to \$66,657. From October 1992-1993 Palacios Security was billed \$95,624, with an added bill of \$1,900 for the so-called environmental levy which equaled \$97,536. Palacios Security was directed to pay the entire premium up front. The premium of \$97,536 was based on gross wages and the insurance company would not accept payment in installments. Security agencies smaller than Palacios Security Agency are given a flat rate of \$35,000 a year. Mr. Palacios asked what it is based on?

The present insurance requirements are discriminatory. For business that provide security services in-house, the law does not mandate them to meet the insurance requirements called for in P.L. The hotels and taverns with in-house security personnel are not required to have the insurance coverage called for in P.L. 17-14. Public Law 17-14 only requires private security agencies secure the insurance policy.

Mr. Palacios asked why can't private security agencies be self-insured? This places the private security agencies at a disadvantage because it is cheaper to hire in-house, because they do not have to pay the 10% or 15% of insurance on gross wages. There is only one hotel on the island that contracts with a private security agency.

The present insurance requirements are unrealistic and exorbitant in cost. This inhibits the growth of the security industry. Private security guards assist in the workload of the police department, by guarding or checking establishments. The private security industry contribute to Guam's economy by employing approximately six hundred guards.

Mr. Steve Brehm stated that Pacific Security Alarm opposes Bill 1104 as written. PL 17-14, the law that regulates the security agencies, does need improvement. There are some restrictive clauses that should be eliminated. Pacific Security Alarm believes they are the largest security agency on the island. He asked the committee not to lower the professional standards of the industry that protects lives and property. The restrictions placed on security guards are there to protect the public and customers, not the guard agencies. Comprehensive

general liability is available and is not threatening the industry. They do agree that the clause requiring no deductible is totally unrealistic because everytime there is a claim made against a security agency, the claim will be passed on to the insurance agency. Another clause requires coverage for property in the care, custody and control of the security company. According to the law, this clause means that the insurance company is ultimately responsible for the value of the property in the security agency's care. These clauses need to be addressed.

The limits on the insurance coverage should be increased not decreased. Bill 1104 proposes to set the limit \$150,000.00. Pacific Security Alarm feels it is too low for an industry that involves guns. Pacific Security Alarm currently carries \$1,000,000.00 in comprehensive general liability coverage. They ask that the committee not lower the standards which would allow poor performers to flourish.

Chairman Pangelinan stated that Winnie Flores, the Acting Director of Revenue and Taxation and the Acting Insurance Commissioner submitted testimony on bill 1104. The Acting Commissioner supports the change to a general liability policy, instead of a comprehensive general liability. She also supports reducing the liability limits from Three Hundred Thousand to One Hundred Fifty Thousand. She states that a general liability policy may result in the reduction of the premium. This change could also invite other companies to write policies and inject competition, thus further reducing the rates.

Chairman Pangelinan asked Mr. Brehm if his insurance company indicated there would be a difference in the premium, if they obtained a general liability policy, instead of a comprehensive general liability policy.

Mr. Brehm stated that when they talked with their insurance carriers, they talked about their company as a whole. Pacific Security Alarm also provides alarm monitoring, sales and installations of alarm systems. They received a package that included everything. Mr. Brehm stated that there is a lot of competition in the security industry, but there is no competition in the supply of insurance for the industry.

Chairman Pangelinan stated that the committee invited the insurance industry to the public hearing. No representative of the insurance industry presented testimony.

Mr. Palacios stated that comprehensive general liability is the inclusion of special conditions that would cover a company in case of libel, battery, and slander. These things are not included under the general liability, though people are not prevented from suing for these violations under a general liability policy.

The reason the insurance company requires a higher coverage and sometimes a higher premium for comprehensive coverage is because the risk of being sued is greater because of conditions such as false arrest, libel, slander, etc.

Chairman Pangelinan agreed that the under comprehensive general liability there are several exclusions of certain coverages that cannot be excluded. whereas under a general liability these coverages can be excluded and thus result in a corresponding decrease in the rates and premiums. Additionally, the no deductible requirement verses a deductible will also impact the rate.

Mr. Brehm stated that Pacific Security Alarm has such a broad package, that if they removed the clauses it would not lower their premium.

Senator Ada asked why they were looking at amending and excluding coverage for false arrest and invasion of privacy? It is more likely for that sort of misconduct to occur during the course of a security officer's work.

Mr. Palacios stated that it is his understanding that it is the objection of the insurance company. Insurance providers do not want to cover the security agencies because of those requirements and risks. If those are excluded, they have indicated that they will re-examine the decision not to write policies for the security agencies.

Senator Ada asked if they were aware if these amendments were passed, would other insurance companies be likely to provide the insurance coverage?

Mr. Palacios stated that he knew for a fact that Calvo's and Nanbo's offered general liability. It is the language that they oppose.

Senator Ada voiced his concern that if they make all the amendments, they may still never find out if any other insurance companies would still want to jump on board.

Chairman Pangelinan stated that when drafting the bill, some insurance agencies and insurance association indicated they will reconsider their decision to provide coverage for the industry. When a reinsurer or an insurance company sees the current law, they do not agree with it. These are some of the requirements of the law that they say really inhibit their ability to write the policy or secure a reinsurer for that policy. It is interesting that the private security guards have no powers of arrest and yet they are being covered for false arrest.

Mr. Brehm stated that Pacific Security Alarm thinks that the minimum coverage should be higher. In the case where guns are involved or a wrongful death suit, that is a \$1,000,000.00 minimum claim. He said that they are taking the protection away from the public, who might be injured, if those are lowered.

He also stated that a company can keep its coverage high without a big jump in their premium.

Mr. Palacios stated that they can obtain coverage higher than what is required. He said that the client and the provider should determine what coverage they want.

Mr. Joe Quitugua stated that there are other insurance companies that would be willing to provide the insurance, provided that some of the restrictive requirements are removed. He said he personally talked to Mr. Joe Shao, President of Alpha Insurance Company. He said Mr. Shao would be willing to provide the insurance if the restrictive clauses in the PL 17-14 were removed.

Senator Ada asked if the restrictive languages were removed, and as a result, attracts other insurance companies to come in providing lower insurance premiums, would the lowering of that cost necessarily affect how much the security guard agency charges the consumer?

Mr. Quitugua stated that all of Kal Tech's rates are predicated on all the expenses, including the cost of insurance, which is part of their overhead. When that goes down, it is reflected in their rates.

Mr. Palacios agreed that it would reflect in a lower rate than what is being charged right now. The cost is now passed on to the customer.

Mr. Brehm stated that the insurance cost is not such a large percentage of the price, that they charge their customers, that they would be looking at lowering their rates, but they could be in a position where they could hold their rates for a long time. Their expenses are always increasing, so they are always looking at their cost and adjusting their rates upwards. He said they would be able to hold them at the same level longer if their costs were to go down.

Mr. Palacios stated that if a guard is paid \$5.00 an hour, .40 cents goes to pay for insurance.

Senator Lujan asked if the requirements for training and all the different kinds of activities that each of the security guards offered their employees would change?

Mr. Palacios stated that the requirements would be the same and these would not be changed. The only four statutory requirements for guards are as follows: U.S. citizen or permanent residents, not less than eighteen, no felony conviction, and not a habitual drug user. Beyond that it would be the responsibility of the agency to conduct additional training. The training is generally the same, checking doors, writing reports, and monitoring for suspicious vehicles. The

hotels would conduct other forms of training, such as public relations, CPR, first aid, etc.

Senator Lujan asked if firearms are an in-house security regulation?

Mr. Palacios stated that PL 17-14 requires that before a security guard can be armed, he must take a course and be certified by a licensed range master. The course consists of a combination of lecture material and a proficiency test, then they must shoot fifty rounds of the firearm. PL 17-14 requires this of private security officers. Hotel security officers are not required to undergo such training.

Mr. Quitugua stated that private security guards are required to first pass firearms qualifications with a minimum of sixty percent passing, and thereafter they must go through a four hour in-house training.

Chairman Pangelinan recommended that the application of different standards for the same type of work needs to be taken into account.

Senator Manibusan asked if they should cover or exclude libel and slander which is not identified in the proposed bill? The proposed bill only indicates assault, battery, and personal injury and then crosses out false arrest and invasion of privacy.

Mr. Palacios stated that whether it is excluded or not, it is the insurance agency's concern. The security agencies are not objecting to those restrictive clauses. These restrictive clauses prevent the insurance agencies from providing writing policies.

Senator Manibusan clarified with Mr. Palacios that these should be included in the proposed bill as stricken out so it would be very clear in the proposed measure that including false arrest and invasion of privacy, libel and slander would be excluded so that it would be reflected in the proposed language here.

Mr. Palacios stated that they support the changes. He also pointed out that if those restrictive clauses were deleted, it does not prevent an injured person from suing for libel.

Senator Manibusan asked if any of the security agencies had their insurance coverage revoked because they did not comply with the insurance requirement?

Mr. Palacios stated that they did not.

Senator Manibusan asked if any of the security officer were equipped with or possessed a gun?

Mr. Quitugua responded that they did not.

Mr. Palacios stated that it is an internal policy. Palacios Security Agency prefers not to arm security guards. They will provide armed guards when clients absolutely insisted on by their clients.

Mr. Brehm stated that Pacific Security Alarm does not have any armed guards.

Mr. Ron San Nicolas stated that San Nicolas Security does support bill 1104. They have been having problems with their license. Their general liability coverage is only 2.5% and 4% under comprehensive general liability. On top of that they slap on 2% tax. Their premium is figured out of the employees' gross wages.

Senator Manibusan asked if they would be out of business even with implementation of the amendment proposed by the bill that would bring down the coverage?

Mr. San Nicolas responded that they would not go out of business, if other insurance carriers were to come into the industry. He stated that San Nicolas Security was sued and the total amount of payment was too high. The insurance company told him to file a claim and check with the third party. He did not understand why he has to deal with the third party when he is paying \$76,000 a year for premium.

Mr. Quitugua raised his concern that the provisions in the law drive up the price of insurance. It is going to drive the smaller security companies out of business. If restrictive clauses are put in or if the minimum is raised, there is no hope for the small agencies.

Senator Santos stated that security agencies were calculating this similar to workman's compensation. The insurance commissioner has been remiss in his duties, by not addressing this matter. He recommended that the insurance commissioner and NPI come in and answer some questions. He stated that he supports Chairman Pangelinan in terms of setting minimum standards. The insurance companies would be willing to provide coverage if they know that the limits of liability are going to be \$150,000.00. The insurance company can only cover so much risk and then find reinsurance, which is a very tough market right now. Lowering the standards would not result in the influx of insurance companies or private security companies.

Chairman Pangelinan stated that the market is not readily and economically available for reinsurance and insurance for security guards. There are some conditions in the law, such as property under control and things of that nature that influence the availability of coverages, which therefore drives up the premium. He

recommended that they implement some kind of training program so that the insurance companies will be assured that not anybody can get into the business.

III. Findings and Recommendations

The committee after hearing the presentations made by all of the witnesses present hereby file the following finds:

The present requirements and restrictions in PL 17-14 do indeed restrict the ability of the private security companies to secure insurance coverage that is affordable. The endorsements required by PL 17-14 discourage insurance companies from writing the business and thus contributes to the escalating cost of the premiums. More importantly, they have contributed to the decisions by other companies not to enter the market, thus resulting in a monopolistic market.

Setting minimum requirements will assure the customer that a certain measure of protection is accorded them. The bill also does not preclude the consumer from requiring additional coverage, so he can get additional coverage from the agency he employs.

The insurance commissioner concerns and recommendations have been incorporated in the bill being reported out by the committee.

It is therefore the decision of the committee to report out the bill with a recommendation **TO DO PASS.**



*Ok
get a schedule
for P.H.
Dierking/C...
have to get the
...
from
...
...
fug*

July 28, 1994

MEMORANDUM

Committees:

CHAIRPERSON:

Rules

VICE CHAIRPERSON:

Ways & Means

MEMBER:

Economic-
Agricultural
Development,
and Insurance

Education

Electrical
Power and
Consumer
Protection

Federal and
Foreign Affairs

General
Governmental
Operations and
Micronesian Affairs

Health,
Ecology and
Welfare

Judiciary
and
Criminal Justice

Tourism and
Transportation

Youth, Senior
Citizens and
Cultural Affairs

TO: Chairperson, Committee on Economic-Agricultural
Development and Insurance

FROM: Acting Chairperson, Committee on Rules

SUBJECT: Referral - Bill No. 1104

The above Bill is referred to your Committee as the principal committee. Please note that the referral is subject to ratification by the Committee on Rules at its next meeting. It is recommended you schedule a public hearing at your earliest convenience.



Carl T.C. Gutierrez
CARL T.C. GUTIERREZ

Attachment

TWENTY-SECOND GUAM LEGISLATURE
1994 (SECOND) Regular Session

94 JUL 22 AM 10: 52

Bill No. 1104
Introduced by:

V.C. Pangelinan 

**AN ACT TO AMEND SECTION 71501, ARTICLE 5, TITLE 10 GUAM
CODE ANNOTATED RELATIVE TO INSURANCE REQUIREMENT
FOR PRIVATE SECURITY OFFICERS.**

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

1 **Section 1. Legislative findings:** The Legislature finds that at the present time, coverage for
2 comprehensive general liability is not economically available for private security organizations
3 on the island. This situation has caused serious problems for private security companies thereby
4 directly impacting their ability to continue operations. The Legislature further finds that
5 general liability policies provide adequate coverage, thus protecting the purchaser of security
6 services under such policies. No policy is economically available under the present limitations
7 and requirements set by law. Continuation of the current policy requirements set by law is
8 forcing some existing companies to cease operations and is threatening the survival of the
9 industry. In order to salvage the jobs and the economic contributions made by this industry, the
10 Legislature finds that it is necessary to amend the insurance requirements for private security
11 agencies.

12 **Section 2.** Section 71501, Article 5, Title 10 Guam Code Annotated is hereby amended to
13 read:

14 **Section 71501. Insurance Requirements.** Each employer of Private Security Personnel
15 shall file with the Department of Revenue and Taxation a certificate of insurance
16 evidencing ~~Comprehensive~~ general liability coverage for bodily injury, personal injury, and

1 property damage with endorsements for assault and battery and personal injury, [~~including false~~
2 ~~arrest, and invasion of privacy,~~] in the minimum amount of One Hundred Fifty Thousand Dollars
3 (\$150,000.00) for bodily or personal injury and One Hundred Thousand Dollars (\$100,000.00)
4 for property damage. [~~The certificate of insurance shall contain an endorsement for damage to~~
5 ~~property in the care, custody and control of the Private Security Officer.~~] [~~The certificate of~~
6 ~~insurance shall indicate that coverage of the employer is without any deductible amount.~~] [~~If the~~
7 ~~Insurance Commissioner certifies that the policy acquired by the employer is the policy with the~~
8 ~~least deductible amount,~~] [~~the department shall not issue a license to the employer until the~~
9 ~~certificate of insurance is on file.~~] If the policy acquired by the employer is the policy with the
10 least deductible amount, the Insurance Commissioner shall certify to that effect. If at any time
11 the certificate of insurance is revoked, then the department shall revoke the business license."



Pacific Security Alarm, Inc.

**MONITORING AND
GUARD DIVISION:**
Suite 404, ITC Building
590 South Marine Drive
Tamuning, Guam 96911
Tel: (671) 646-4236/5731/6532
Fax: (671) 649-7245

MAIN OFFICE:
1406 N Marine Dr Suite 201
Tumon, Guam 96911
Tel: (671) 646-2307 Thru 10
Fax: (671) 649-7245

SAIPAN OFFICE:
Caller Box PPP-152
Saipan, MP 96950
Tel: (670) 234-5626
Pager: (670) 234-4380
Fax: (670) 234-5026

October 5, 1994

Senator Vicente C. Pangelinan
Committee on Economic-Agricultural Development and Insurance
Suite 101
130 Aspinall Avenue
Agana, Guam 96910

RE: Bill 1104

Dear Chairman Pangelinan:

Thank you for the opportunity to present testimony on Bill 1104. As the islands largest security agency, Pacific Security Alarm would like to express opposition to Bill 1104 an act to amend the insurance requirements for private security officers.

Pacific Security Alarm has been in business for 25 years and for the past 7 years we have offered both security guards and roving patrol services. We believe we are the largest agency on island. We service many Government of Guam Agencies and commercial accounts and we have over 100 guards on staff.

We believe that Bill 1104 will needlessly weaken an industry entrusted with the public's safety and possessions. Perhaps we should all stop for a minute and think about why the original drafters of Public Law 17-14 put restrictions on private security guards. The restrictions are there to protect the public and the customers, not the guard agencies.

We disagree with the Legislative findings of Bill 1104. Comprehensive general liability insurance is available at an economical price to competent, professionally run security organizations. The current policy requirements are certainly not threatening the survival of the industry, though it may threaten the survival of some poorly run incompetent agencies. This is the desired effect of Public Law 17-14. If you can't run your business properly and safely you shouldn't be in the business of protecting lives.

It is only right and proper that insurance companies assess the risk of providing coverage based on the history and track record of the agency. If you are a high risk, poorly run agency you should expect to pay higher premiums. Bill 1104 will only reward incompetence.

We fear that the changes you propose will have a devastating effect on an industry you are trying bolster. They will also threaten the security of the guard customers. Weakening the insurance requirements will lead to the proliferation of small fly by night guard services that do not provide professional services. Should every citizen with a gun be able to call himself a guard agency or will we continue to require a reasonable assurance that the customer is protected from malfeasance by the guard? This isn't a taxi business, we are responsible for millions of dollars worth of property and lives.

We were especially distressed to see your proposal to lower the dollar amount of coverage required. These limits should be increased, not lowered. No sensible business person would carry only \$150,000 of coverage for bodily injury. A wrongful death claim would be \$1,000,000 at an absolute minimum and probably much more. Do you really think it is wise to license guards to carry guns on duty and require so little insurance?

We propose that this bill be discontinued until a comprehensive study of the insurance situation is done. We agree that the clause requiring no deductible is unrealistic and coverage for property in the care, custody and control should not be required. Please be very careful before making any changes.

Thank you again for the opportunity to be heard on this important matter. We are available at any time to assist in any way.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Brehm", written over a horizontal line.

Steve Brehm, Manager, 24 Hour Operations

cc: Lee Palmer, CEO



PALACIOS SECURITY AGENCY

P.O. Box 10398
Sinajana, Guam 96910
Telephone: 472-6300

Inocencia I. Palacios
President

PUBLIC TESTIMONY ON BILL 1104, BY ADOLPHO B. PALACIOS FOR PALACIOS SERVICE AGENCY, INC., 10/6/94, 9:00AM.

1. PSA SUPPORTS BILL 1104

- * Idea of liability coverage for security cannot be over-emphasized.
- * Bill will provide for a more realistic and reasonable policy.

2. CURRENT PROBLEM

- * Coverage unavailable
- * If available, premium exorbitant: PSA experience,
 - a) 10/2/90 to 10/2/91 \$43,399.00
 - b) 10/2/91 to 10/2/92 44,267.00, plus \$22,390.00 = \$66,657.00
 - c) 10/2/92 to 10/2/93 95,624.00 plus \$1,912.00 = \$97,536.00
(\$45,000.00 refunded; actual was \$21,959.72)
 - d) 12/15/93 to 12/15/94 \$19,000.00 plus \$1305.30 = \$20,305.30/\$25,000.00

TOTAL PREMIUMS PAID TO NPI Oct. 90 to Dec. 94 is \$152,321.02

- * Because only one provider, offers no choice, creates condition for monopoly, creates condition for an artificially inflated premiums.
- * Present Insurance requirements discriminatory: in-house security not required; Govt. LE personnel not required. If the intent of the coverage is to ensure protection to the injured party, then every one with the same nature of work should have the coverage.
- * Unrealistic requirements and exorbitant cost serve to inhibit the growth of the Security industry. At a time when the industry should be nurtured so that it can serve as an effective supplement to the Government sponsored programs, ~~the problems created by~~ the current insurance mandates is crippling the industry.

3. ECONOMIC ROLE OF SECURITY

- * Current employment about 600 Guards, plus about 40 supporting staff.
- * GRT and SS contribution. PSA pay average \$5,000.00 month/\$44,500.00 first 9 months
- * Businesses generated by our existence (service, merchandise, utilities use, etc.)
- * Allows Police and allied agencies to do their primary work.

SS f Medicare - \$60,500 - (Jan-Sept '94)

REV 11/14/92
A. P. O. 11/14/92
V. P. O. 11/14/92



November 10, 1992

Captain A.B. Palacios
Palacios Security Agency, Inc.
P.O. Box 10398
Sinajana, Guam 96926

NATIONAL
PACIFIC
INSURANCE, INC.

BUILDING
PINE DRIVE
GUAM
3/4/5
5
9-8888
46 5859
779
GUAM 96931

Dear Sir:

Security Liability Cover - Premium Payments

I refer to our meeting of November 5th at which we discussed the premium payments for this year's renewal of your above policy.

I explained that N.P.I. has recently implemented much tighter premium credit payment terms, with interest.

Please find attached a schedule of the payment terms. Please note that these terms will not be subject to further negotiation.

As requested, I have checked your premium calculation and would advise there has been an error. Regretfully, the premium of \$3,250 plus 2% levy to extend your policy to cover the University of Guam was not taken into account.

This means that your full annual premium is:

- Additional premium for last year on adjusted wages	\$22,390.00
- Premium on Estimated Wages for Current year	69,984.00
- Inclusion of UOG cover	3,250.00
	Sub Total <u>\$95,624.00</u>
	Plus 2% Environmental Levy <u>1,912.00</u>
	Total Due <u>\$97,536.00</u>

Yours sincerely,

6:37⁰

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



Territory of Guam

OFFICE OF THE GOVERNOR
AGANA, GUAM 96910
U.S.A.

February 23, 1987

Ms. Inocencia I. Palacios
Palacios Security Services
P. O. Box 10398
Sinajana, Guam 96910

Dear Ms. Palacios:

We have received your letter of February 3, 1987 and have it under review. There are several courses this situation may take and we are exploring them.

While we understand your concern about the unavailability of insurance, we believe that the best interests of all people concerned require a careful look into this situation before this office commits itself to action.

After we have received and evaluated our requested information, we will be contacting you.

Sincerely,

FRANK F. BLAS
Acting Governor

FFB:VJIG:arlgg



DEPARTMENT OF REVENUE & TAXATION

GOVERNMENT OF GUAM,

855 WEST MARINE DRIVE

AGANA GUAM 96910

TEL: (671) 477-1040 TELEX: 721-6218 GOV GUAM



J.C. CARR BETTIS
DIRECTOR

V.M. CONCEPCION
DEPUTY DIRECTOR

EX OFFICIO

March 27, 1987

TAX COMMISSIONER

BANKING COMMISSIONER

SAVINGS & LOAN COMMISSIONER

INSURANCE COMMISSIONER

REAL ESTATE COMMISSIONER

LABOR ADMINISTRATOR

SECURITIES ADMINISTRATOR

MCC ADMINISTRATOR

Ms. Inocencia Palacios
Palacios Security Service
P.O. Box 10398
Sinajana, GU 96926

Dear Ms. Palacios:

This is to inform you that this office received an opinion from the Attorney General's Office regarding insurance requirements for Private Security Organizations pursuant to the provisions of Article 5, Section 70208 of Public Law 17-14. A copy of the opinion is attached.

We are in the process of drafting regulations. Since it would affect your organization, we are soliciting your written suggestions, recommendations and any other input to help establish realistic insurance requirements. We would appreciate receiving your input by April 6, 1987.

If you have further questions, please contact Mr. Ralph Pangelinan at 477-2020 or 477-1040, extension 325.

Sincerely,

J.C. CARR BETTIS
Acting Director

Attachment



GOVERNMENT OF GUAM
AGANA, GUAM 96910

Rec'd. 3/20/87

March 16, 1987

Memorandum (Opinion)

Ref: DRT 87-0208

To: Director, Department of Revenue and Taxation

From: Attorney General *CHT*

Subject: Insurance Requirements for Private Security Organizations

This office acknowledges receipt of your request for a legal opinion on the following:

REQUEST: Is the Insurance Commissioner required to revoke the business licenses of private security organizations which are unable to obtain the insurance specified in 10 GCA §71501?

ANSWER: No. If the Legislature does not amend the insurance requirements, regulations may be promulgated to establish realistic insurance requirements.

STATEMENT OF FACTS:

By memorandum to this office dated March 11, 1987, you have advised that none of the island's security agencies are able to obtain the insurance specified in 10 GCA §71501. The Insurance Commissioner has given all private security agencies until March 23, 1987 to comply with the insurance requirement. If they do not comply by that date their business licenses will be revoked. You inquire whether the unavailability of insurance justifies your allowing security organizations to remain in business.

DISCUSSION:

10 GCA § 71501 states:

Sec. 70208

§71501. Each employer of Private Security Officers shall file with the Department of Revenue and Taxation a certificate of insurance evidencing comprehensive general liability coverage for bodily injury, personal injury, and property damage with endorsements for assault and battery and personal injury, including false arrest, libel, slander, and invasion of privacy, in the minimum amount of Three Hundred Thousand Dollars (\$300,000.00) for bodily or personal injury and One Hundred Thousand (\$100,000.00) for property damage.

CHT

The certificate of insurance shall contain an endorsement for damage to property in the care, custody and control of the Private Security Officer. The certificate of insurance shall indicate that coverage of the employer is without any deductible amount: If the Insurance Commissioner certifies that the employer is unable to acquire an insurance policy without a non-deductible clause then the Insurance Commissioner shall certify that the policy acquired by the employer is a policy with the least deductible amount. The department shall not issue a license to the employer until the certificate of insurance is filed. If at any time the certificate of insurance is revoked, then the department shall revoke the business license.

⁷⁰²⁰⁸
Section ~~71501~~ was enacted by P.L. 17-14 as part of the Private Security Regulatory Statute. The stated purpose of the statute "is to prescribe uniform procedures and qualifications throughout the territory for: establishing training standards in the use of firearms by Private Security Officers and restricting the hiring of certain persons as Private Security Officers."

A cardinal rule to be followed in the construction of a statute is that its language must be given a reasonable interpretation, and a literal interpretation should be avoided which would lead to absurd results. Rubiano v. Bovet, 24 P.2d 466, 469 (S.Ct. Calif. 1933); Dempsey v. Market Street Railway Co., 142 P.2d 929, 930 (S.Ct. Calif. 1943); Bruce v. Gregory, 423 P.2d 193 (S.Ct. Calif. 1967); Sutherland Stat Const. §§ 45.02 and 46.07. It was stated in the Dempsey case:

A Code section should be construed, if possible, so as to give meaning and effect, not only to the section as a whole, but to each and every part thereof, and it is equally well settled that statutes and even constitutional enactments must be given a reasonable interpretation, and that a literal construction which will lead to absurd results should not be given if it can be avoided.

⁷⁰²⁰⁸
We believe that section ~~71501~~ is susceptible of a reasonable interpretation which avoids the absurd and unintended result of disenfranchising the entire private security industry in Guam (or of creating a monopoly if only one security agency can qualify).

We refer to the following language in section 71501:

The certificate of insurance shall indicate that coverage of the employer is without any deductible amount. If the Insurance Commissioner certifies that the employer is unable to acquire an insurance policy without a non-deductible clause, then, the Insurance Commissioner shall certify that the policy acquired by

the employer is a policy with the least deductible amount.

The legislative intent is to allow security organizations to do business, provided the insurance they have is the most that is reasonably obtainable. We believe that the discretion given to the Insurance Commissioner in regard to deductibles by implication extends to the availability of insurance as well. If the Commissioner determines that insurance for intentional torts, (assault and battery, false arrest, libel, slander and invasion of privacy) is not available, he can approve policies without coverage for same or he can waive the entire insurance requirement if none is available, if other means of indemnification are established. He can by regulation establish an alternate means of indemnification, such as security deposits.

A better solution perhaps would be for the Legislature to amend section ~~71501~~⁷⁰²⁰⁸ to establish realistic insurance or deposit requirements. However, if the Legislature does not act, the Insurance Commissioner can establish these requirements. Section 43036 of the Government Code authorizes the Insurance Commissioner to promulgate such regulations not inconsistent with law as may be reasonably necessary or appropriate for the administration of the insurance law and other laws of Guam relating to insurance.

✓ Input from private security organizations and the insurance industry would obviously be helpful in connection with the formulation of regulations. As provided in the Administrative Adjudication law, GC §24202, the regulations would not be effective until 45 days after the filing of same with the Legislative Secretary. During this period the Legislature may disapprove or amend the regulations if it disagrees with them.

To provide protection to the public, the immediate adoption of interim rules setting out temporary insurance or deposit requirements should be considered by the Commissioner.

This memorandum is issued as an opinion of the Attorney General. For a faster response to any inquiry about this memorandum, please use the reference number shown.

OFFICE OF THE ATTORNEY GENERAL

By: *Donald P. Krainess*
DONALD P. KRAINESS
Assistant Attorney General

cc: Senator J.Miles; Chief, GPD
dpk0011/1z1



PALACIOS SECURITY SERVICES

P.O. Box 10398
Sinajana, Guam 96910
Telephone 472-6300

Inocencia I. Palacios
Proprietor

April 7, 1987

Mr. J.C. Carr Bettis
Acting Director
Department of Revenue & Taxation
Agana, Guam

Dear Mr. Bettis:

Thank you for providing us a copy of the Attorney General's legal opinion regarding alternative coverage for liability insurance. Thank you also for giving us the opportunity to submit comments regarding insurance requirements of private security organizations.

The following are our comments regarding the present law that mandates insurance liability coverage (P.L. 17-14). We feel that the insurance provisions of P.L. 17-14 is unrealistic and unenforceable due to the impossibility to obtain coverage as required by the statute. We therefore recommend the following amendments to the present law:

1. To achieve equity in the imposition of obtaining the coverage, we recommend that a set percentage of the gross wages of employees in the company be established, so that companies with fewer number of employees would pay proportionate amount of premium to that of companies with greater number of employees. The present standard of requiring a set amount of coverage for every private security company creates a disparity between small and large companies. We feel that a three percent (3%) rate on gross wages is reasonable requirement.
2. If a flat rate is to be established, then we recommend that the required coverage be lowered from \$300,000 to \$100,000 for bodily or personal injury, and from \$100,000 to \$35,000 for property damage.

April 7, 1987

3. We recommend that private security companies be mandated to administer to new guards a minimum of 32 hours of formal training during the first 3 months after hiring. The training program must be approved by the Guam Police Department, and the instructors administering the program must also be approved by the Guam Police Department. This would be in addition to the present requirements of the law for firearms certification and Police/FBI Clearance. We recommend that the training be considered basic training for the private security officers and the training should include the following subjects:

- a) Orientation on private security organization
- b) Legal aspects of private security
- c) The nature of security risks
- d) Guards duties and functions
- e) The nature of crime and the role of private security
- f) Handling emergencies
- g) OJT

We have developed our own curriculum, patterned along the recommendations of the Private Security Task Force (U.S.A.), for a minimum of 32 hours. We would be happy to share with the Department resources and expertise on training. Training is related to the insurance issue in that training reduces the risk for the occurrence of incidents that might result in suits. Training, we feel, is a major factor for the long-term solution of preventing liability.

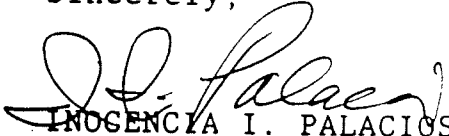
4. Last but not least, we recommend that the statute enumerating the occasions for which liability can occur, i.e. assault, battery, libel, slander, invasion of privacy, etc., be re-defined and made more restrictive. Also, that the amendments should include the idea of "Good Samaritan" to protect the private security against liability for deeds performed in good faith.

Our experience when we were searching for insurance company to provide us with a coverage was that, the current law throws the door wide open for suits against private security business, and insurance companies felt that this condition created a very high risk for the insurance companies. Perhaps a limited liability coverage can be established as an alternate coverage for the present law.

Mr. J.C. Carr Pettis
Page 3
April 7, 1987

Palacios Security supports the concept of liability insurance for the protection of both the company and the citizens. We are prepared to assist in the formulation of a realistic and equitable insurance coverage for all the private security organizations in Guam.

Sincerely,


INOCENCIA I. PALACIOS
Proprietor



SERVICE
PALACIOS SECURITY AGENCY

P.O. Box 10398
Sinajana, Guam 96910
Telephone: 472-6300

Inocencia I. Palacios
President

October 7, 1993

To: National Pacific Insurance/Guam

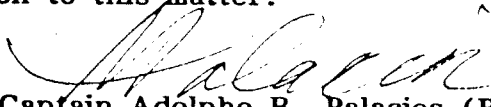
Subject: RENEWAL CONCERNS

This week NPI, through Ms. Percy informed Palacios Service Agency (PSA) that the cost to renew the Liability coverage is \$35,000.00 minimum, with a \$25,000.00 deductible. There were concerns which Ms. Percy was not able to address, which PSA would now like to present to NPI, as follows:

1. What was the formula used to arrive at the \$35,000.00 minimum?
2. What factor would affect the \$35,000.00 minimum premium during the course of the year, whether it would be adjusted upward at the end of the year?
3. What factor, if any, would affect the \$35,000.00 minimum premium which would adjust the premium downward at the end of the year?
4. Is there a penalty, and how^{much}, if any, for voluntary cancellation?
5. What group of employees in PSA are covered by the \$35,000.00 minimum premium?
6. Is the \$25,000.00 deductible clause sanctioned by PL 17-14? Doesn't PL 17-14 provides for a no-deductible, or for the least deductible, in the event that a no "no-deductible" coverage is available?

PSA would like the \$35,000.00 premium/\$25,000.00 deductible, and the above concerns be addressed and given to PSA in writing for our consideration and record.

We thank you for your kind attention to this matter.


Captain Adolpho B. Palacios (Ret. GPD)
General Manager/Chief of Security

copy to:
Insurance Regulatory/Rev. Tax
Senator Ben Pangelinan
Family Finance



**NATIONAL PACIFIC
INSURANCE, INC.**

MEGG'S BUILDING
720 S. MARINE DRIVE
TAMUNING, GUAM 96911

Telephone: (671) 646-9183 / 5
Facsimiles:
General (671) 646-5859
Claims (671) 646-4963

14th October 1993.

Mr. Joaquin Blaz
Insurance Commissioner,
Insurance & Banking
Department of Revenue and Taxation
Tamuning, Guam
HAND DELIVER

Dear Commissioner,

SECURITY AGENTS - LIABILITY COVERAGE

We refer to previous discussions and correspondence terminating with your letter dated October 12th, 1993, copy attached.

National Pacific Insurance, Inc. have for some time been the only carrier providing coverage to the Security community and up until 1993 had enjoyed correct and adequate reinsurance coverage and protection for this class of risk.

The losses sustained by reinsurers, particularly following the catastrophes of last year, has resulted in a contraction of capacity and we can confirm that both the GIO, (Government Insurance Office, of Australia), and the Mercantile & General, of Australia, will no longer underwrite, or support liability covers where the deductible is less than one million dollars.

NPI Treaty protections specifically exclude protection for Security Agents and we have been attempting to source new reinsurers, but without success.

We are obliged, in terms of Guam Law, to restrict our net liability on any risk to less than US\$75,000 per loss and this has always been maintained even pertaining to losses from Typhoon "Omar" and the 1993 Earthquake.

To offer cover in terms of Public Law 17-14 without reinsurance protection would expose NPI to a net loss potential of US\$300,000 per claim, which is firstly against Guam Law and secondly this single risk would expose NPI to **twice the net loss suffered through "Omar" and the Earthquake combined!**

NPI erroneously offered cover to Seven Plus Three and upon discovering the mistake, and exposure, immediately canceled the cover in terms of the policy wording. NPI are prepared to refund the unexpired portion of premiums paid.

Mr. Joaquin Blaz
Insurance Commissioner
October 14, 1993
Page 2

We are continuing to seek out reinsurance protection and regret that we are unable to offer full coverage to the many fine operators on Guam.

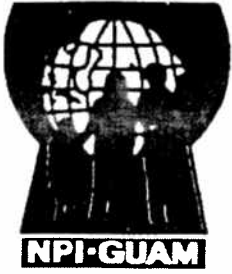
Please note that if instructed by your office to continue on these risks without reinsurance protection, we shall of course abide by your decision. We can confirm that with immediate effect NPI will no longer accept new, or renewal business of this type without adequate reinsurance protection.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ian N. Balfour', written over a circular stamp or seal.

Ian N. Balfour
CHIEF EXECUTIVE/GENERAL MANAGER.

cc: Chairman - Peter Perez.
First Pacific, Inc - Reinsurance Consultant.



**NATIONAL PACIFIC
INSURANCE, INC.**

MEGG'S BUILDING
720 S. MARINE DRIVE
TAMUNING, GUAM 96911

Telephone: (671) 646-9183 / 5

Facsimiles:

General (671) 646-5859

Claims (671) 646-4963

October 18, 1993

Captain A.B. Palacios
Palacios Security Agency
P.O. Box 10398
Sinajana, Guam 96910

Dear Mr. Palacios:

We refer to your letter of the 25th September and our subsequent meeting in the office of our Chairman, peter Perez at which another of our Directors, Mr. Paul Bordallo was also present.

Firstly, thank you for meeting with us to discuss your coverage. We hope you found the meeting informative. We appreciated the opportunity of explaining the difficulties we are currently experiencing with the reinsurers.

We sympathize with your concerns over NPI renewal offer on your Liability cover for the Security Agency, we must point out that we do not carry all of the risk on this type of cover and we need to obtain reinsurance support from overseas international reinsurance markets.

Regrettably those markets have almost disappeared altogether and those that remain are proving to be very, very expensive. Most of them have been turned off U.S. Liability insurance because of the high potential for U.S. courts to award very high claims amounts.

We cannot afford to carry that extra cost and therefore pass it on to the client, hence the increase in this years premiums.

If we cannot get reinsurance to cover the limits you require to meet Public Law 17-14, we cannot offer you cover, because we would be in breach of the Insurance Code, (see a copy of our letter to the Insurance Commissioner dated 14th October, 1993, attached).

No other carrier, to the best of our knowledge provides this cover on Guam, which indicates to you the extreme difficulty in obtaining reinsurance cover.

We agreed to write to you today to answer two queries:

- (a) Will your premium fluctuate?
- (b) Is the deductible \$25,000?

Captain A. Palacios
October 18, 1993
Page 2

1. We have not been able to obtain reinsurance support for your renewal which expired on October 8, 1993, and until such time as we obtain insurance N.P.I. cannot go "on risk" and renew your policy.

Our reinsurance consultant, Mr. Richard Fagan, of First Pacific, Inc. is trying very hard to source out and secure adequate reinsurance.

He has informed us today, that until he finds a reinsurer who will give us terms, we are unable to advise if the premium will be adjustable. He is certain the "minimum" premium will be not less than \$35,000.

2. The indication of a deductible of \$25,000 is based on some reinsurers comments that, the cover will have to have some sort of deductible sufficient to make it attractive to them to participate.

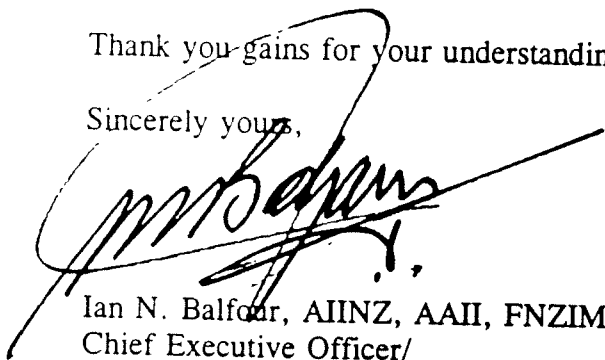
They may ultimately ask for a higher, (or lower) deductible - we simply don't know at this stage.

The Law 17-14 refers to the fact that it prefers coverage without a deductible, however, if it can be shown to the Insurance Commissioner, that there has to be a deductible to obtain reinsurance, then it will have to be accepted.

We are hopeful of Mr. Fagan having something for us on potential reinsurers by later this week and will contact you immediately we have any news.

Thank you gains for your understanding, and we remain.

Sincerely yours,



Ian N. Balfour, AIINZ, AAIL, FNZIM
Chief Executive Officer/
General Manager

cc: Insurance Commissioner
Senator Ben Pangelinan
Peter Perez
Paul Bordallo
Richard Fagan



NATIONAL PACIFIC
INSURANCE, INC.

JACQUES BUELLIN
U.S. MARINE INSURANCE
COMMERCIAL INSURANCE

General Office
1000
1000
1000
1000

22 October 1993.

Captain Adolpho B. Palacios,
P.O. Box 10398,
Sinajana,
GUAM 96910

Dear Mr Palacios,

LIABILITY INSURANCE PUBLIC LAW 17 - 14

Thank you for your letter of the 22nd October 1993.

Whilst we appreciate your main concern is concentrated on the amount of the premium, we should point out that the No 1 concern is **not the premium, but the ability to procure cover!**

We must repeat again, NPI is unable to provide cover without adequate reinsurance.

NPI will attempt to place cover **subject to reinsurance protection being available.**

The premium of \$35,000 is **not an offer. This is the minimum premium reinsurers have indicated will apply if they decide to accept the risk!**

The deductible of \$25,000 is **not an offer - this is the minimum deductible reinsurers have indicated they will consider.**

The full annual terms can only be set once reinsurance is available and at that stage NPI will advise you of the cover available and the appropriate terms. At that stage you will have the option to either accept, or reject those terms. If you do accept those terms it will be necessary for a **rate filing** to be approved by the Insurance Commissioner.

The terms of PL 17-14, call for **no deductible, OR lowest possible deductible obtainable!**

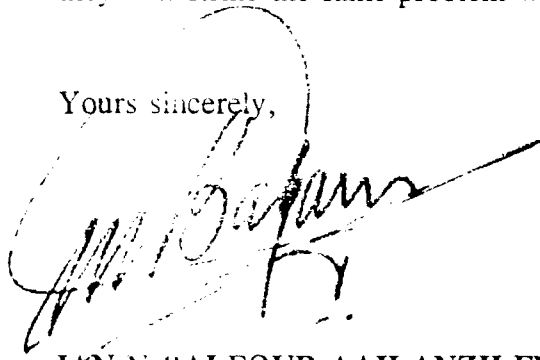
The adjustment of the premium basis **cannot be determined until such time as a reinsurer has been found to underwrite the cover.**

In summary, it is most important that you understand that :

- (a) the cover has not attached,
- (b) the premium of \$35,000 is not an "offer", and,
- (c) the deductible is neither fixed, nor agreed.

We certainly wish you every success with your approach through AK's, but fear they will strike the same problem with reinsurers that we have.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ian N. Balfour', written over a circular stamp or seal.

**IAN N. BALFOUR AAIL.ANZII.FNZIM.
CHIEF EXECUTIVE/GENERAL MANAGER**

cc Peter Perez - Chairman
Paul Bordallo - Family Finance
Insurance Commissioner
Sen Ben Pangelinan



Inocencia I. Palacios
President

SECURITY AGENCY

P.O. Box 10398
Sinajana, Guam 96910
Telephone: 472-6300

October 22, 1993

To: Mr. Ken W. Balfour
General Manager
National Pacific Insurance/Guam

Subject: INSURANCE/ PL 17-14

The NPI's responses to our concerns did not give assurance, particularly to our request for the annual premium.

Let me reiterate that Palacios Service Agency (PSA) accepts, tentatively, the \$35,000.00 minimum premium. We say "tentative" because it is pending the final decision on whether the \$25,000.00 deductible condition is not violative of PL 17-14 pertaining to "no deductible, or the least deductible" provision.

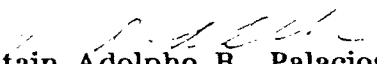
While we tentatively accept the \$35,000.00 minimum, PSA cannot agree to a renewal without some intelligent guess, now, as to what might be the "maximum". The \$35,000.00 minimum is itself a very high amount, in light of the expected revenue from the services for which we are buying insurance. We would like to know now, not at the end of the year, what factor would increase the so-called minimum to an amount that might prove disastrous to PSA. Moreover, please advise PSA whether the \$35,000.00 minimum can be linked to a partial payment of an amount that is yet to be determined.

In the last three (3) years of insurance by NPI, both NPI and PSA were able to estimate, with a high degree of accuracy, what the annual premium would be. We cannot be convinced that a reasonable estimate cannot be given.

In our continuing effort to secure coverage that would satisfy PL 17-14, PSA, along with other Security Agencies, met and consulted with Mr. Andrew Clarke of AK Insurance. PSA has submitted an application to an off-island insurance, through AK Insurance. Mr. Clarke expressed optimism that such coverage would be available soon, via AK Insurance.

Meanwhile, pending the resolution of the issues at hand, we would like to express our desire to secure "the next best coverage". If there are other information that you need for this purpose, let me know immediately.

We thank you for your kind patience and understanding.


Captain Adolpho B. Palacios (Ret. GPD)
General Manager/Chief of Security

copy to: Insurance Commissioner
Senator Ben Pangelinan
Finance



PALACIOS SECURITY AGENCY

P.O. Box 10398
Sinajana, Guam 96910
Telephone: 472-6300

Inocencia I. Palacios
President

October 25, 1993

To: Insurance Commissioner
Department of Revenue & Taxation
Government of Guam

Subject: LIABILITY COVERAGE, per PL 17-14

By the letter which NPI gave Palacios Service Agency (PSA) on October 18, 1993, PSA is currently without liability insurance coverage, as of October 5, 1993. This has caused us serious concern. Despite the three years of coverage by NPI, with no claims ever made against PSA or NPI, NPI and its Re-Insurer have now notified PSA that they are unable to renew our policy, as of yet, due to difficulty in determining what and how the premium rate would be charged PSA. Notwithstanding our tentative acceptance of NPI's so-called \$35,000.00 minimum annual premium, NPI is not prepared to go on record and tell PSA what factor/variable could increase their "minimum" during the course of the insured period. As a consumer, we request full disclosure of the terms and conditions that would govern the insured period. We feel that it is incumbent upon a Vendor (NPI) to disclose information that are pertinent to the issue at hand, in order for the consumer to be able to make an intelligent decision. Moreover, the absence of a full disclosure at the onset of any agreement would leave some doors open for controversy in the future.

The concerns which we wrote to NPI on October 7, 1993, were not addressed at all in the NPI's response to us on October 22, 1993. These concerns are legitimate consumer concerns pertinent to the issue at hand. PSA cannot agree to a renewal unless we can be informed of all pertinent information entitled us at the onset, before we can make a commitment. In the last three years of coverage by NPI, the annual premiums were based on the gross wages of the Guards. "Gross wages" was the variable/factor that increases/decreases the annual premium. We know this in advance.

We would like to reiterate to you, what to us are the two most important concerns:

1. What factor/variable would affect the \$35,000.00 minimum premium during the covered period. We feel that no agreement can be reached without a definite answer to this concern. NPI must disclose what formula they are using to yield the \$35,000.00 premium, and how did they determine that this is the "minimum".
2. The \$25,000.00 deductible clause may be violative of PL 17-14. PL 17-14 provides that in the event that coverage without deductible is not available, "then the Insurance Commissioner shall certify that the policy acquired by the employer is a policy with the least deductible amount. It would appear then, that it is the Insurance Commissioner that must be convinced by NPI that the \$25,000.00 deductible is the least deductible amount. PSA feel that the \$25,000.00 deductible offered by NPI cannot be said that it is the least amount, simply because there is no other policy with a deductible amount being offered.

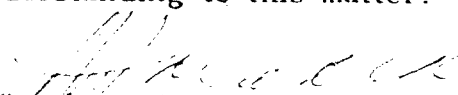
page 2

As this matter is being discussed and considered, PSA is faced with a serious implication that impacts on our Security Service Contracts, particularly the one with the University of Guam (UOG). UOG requires not only that PSA secure coverage under #17-18, but that the coverage be raised to \$1,000,000.00, for which PSA was charged the extra premium of \$3,250.00. Our current contract with UOG is an extension of the previous. It covers a period from October 1, 1993 to September 30, 1994. This week, when information pertaining to renewal by NPI (or coverage by AK Insurance) become more definite, PSA would request to confer with the Director of Operations & Support Services/UOG and present the problem.

Pertinent to the issue at hand, I have enclosed for your information, materials and documents generated when this same problem confronted Government Officials in 1987. The problem in 1987 is the same problem as now -- the unavailability of the coverage due to the refusal of insurance companies to provide such coverage. While the insurance companies can choose to provide or not, the private security agencies do not enjoy the same option. The private security agencies are prepared to secure such coverage as soon as such coverage becomes available.

PSA solicits your guidance and advice on this matter.

We thank you for your attention and understanding to this matter.


Captain Adolpho B. Palacios (Ret. GPD)
General Manager/Chief of Security

Attachments:
Enclosure

copy to:
Senator Ben. Mangaliman



Inocencia I. Palacios
President

PALACIOS SECURITY AGENCY

P.O. Box 10398
Sinajana, Guam 96910
Telephone: 472-6300

October 25, 1963

National Pacific Insurance/Guam
Attn: Mr. Ian N. Balfour

Subject: RENEWAL OF LIABILITY COVERAGE

Palacios Service Agency (PSA) is concerned that it is currently without liability coverage. Although our efforts are continuing for a coverage that would satisfy our needs, PSA cannot continue to wait and be without some kind of coverage for its own protection. Therefore, if PSA does not receive written notice from NPI by Friday, October 25, 1963, that coverage by NPI is active for the year Oct. '63 to Oct. '64, PSA will secure available general liability coverage as "the next best coverage" for PSA, until such time that a coverage satisfactory to PL 17-14 is made available. Several Guam insurance companies currently offer general liability coverage.

Captain Adolpho B. Palacios (Ret. GPD)
General Manager/Chief of Security

Commissioner
Finance Commissioner
Honorable Ben Pangelinan
Finance



November 1, 1993

Captain A.B. Palacios
Palacios Security Agency
P.O. Box 10398
Sinajana, Guam 96910

NATIONAL PACIFIC
INSURANCE, INC.

LIABILITY COVER
PALACIOS SECURITY AGENCY

MEGG'S BUILDING
726 S. MARINE AVENUE
TAMUNING, GUAM 96911

Telephone (671) 469-1535
Facsimiles
General (671) 469-5575
Claims (671) 469-5565

Dear Mr. Palacios:

Many thanks for your letter of October 25, 1993.

As you know we have been experiencing difficulties obtaining reinsurance cover for your agency and unfortunately, to date are still unable to obtain reinsurance support.

Therefore, we respectfully agree that you obtain alternative liability cover through another carrier.

We would like to thank you for giving us the opportunity to source liability insurance for your agency.

A check for \$45,176.68 has been drawn and sent to Family Finance for your collection.

Sincerely yours,

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

cc: Insurance Commissioner
Senator Ben Pangelinan
Peter Perez
Paul Bordallo
Richard Fagan



Inocencia I. Palacios
President

PALACIOS SECURITY AGENCY

P.O. Box 10398
Sinajana, Guam 96910
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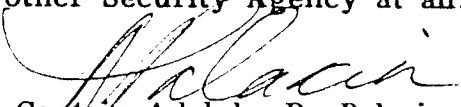
Nov. 3, 1993

To: Mr. Ian Belfour
National Pacific Insurance

Subject: Liability Coverage
Re: Your Letter of 11/1/93

We appreciate the patience and understanding that you have extended to Palacios Service Agency (PSA) during our search for a re-insurer. Although it appeared unlikely that we (NPI & PSA) would secure one soon, we would like to express our continued desire to obtain one. At anytime that such a coverage can be made available to a Private Security Agency, please notify us immediately.

It is our standing from NPI that the non-renewal of our PL Re-insurance liability coverage is due to non-availability of such a coverage from a Re-insurer. It is assumed then, that such a coverage is not available to any other Security Agency at all.


Captain Adolpho B. Palacios (Ret. GPD)
General Manager/Chief of Security

copy to:
Insurance Commissioner
Senator Ben Pangelinan

House sets vote on GATT

■ Procedural hurdle: Newt Gingrich leading push to delay action until Dec. 1

WASHINGTON (AP) — House leaders scheduled a vote on a new global trade accord for Wednesday, shrugging off bipartisan pressure to postpone a decision until after the election.

House Majority Leader Richard Gephardt, D-Mo., and Minority Leader Bob Michel, R-Ill., told reporters Tuesday there would be no delay in the vote on legislation implementing the accord, negotiated under the General Agreement on

Tariffs and Trade. However, accord supporters must win a key procedural vote before a planned four-hour debate and a vote on the GATT bill itself can occur.

Rep. David Bonior, D-Mich., the majority whip, said Republicans indicated they would provide only 40 to 50 of the 218 votes needed to clear the procedural hurdle and it would be a close vote.

Although Michel is supporting consideration of GATT, Rep. Newt Gingrich of Georgia, the No. 2 Republican in the House, is leading a push to postpone it. The Senate already has put off the vote until Dec. 1.

Some Republicans are anxious

to deny President Clinton a victory before the Nov. 8 midterm elections. Meanwhile, some House Democrats, pressured by unions opposed to GATT, are considering postponement as well.

"I have always said there are probably not enough votes on the Democratic side to pass GATT over Republican opposition," said House Speaker Thomas S. Foley, D-Wash.

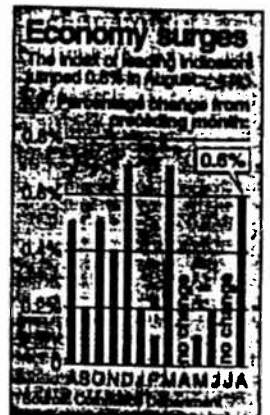
The 123-nation accord would cut worldwide tariffs by about \$740 billion, reduce other barriers to trade and extend the rules of world trade to services and intellectual property such as computer programs and drug patents.

Stocks tumble amid fears Fed will raise interest rates

Gannett News Service
Stocks tumbled Tuesday, raising concerns October will live up to its reputation of being a nasty month for stocks.

The Dow Jones industrial average slid 46 points (1 percent) to 3801, lowest close since Aug. 23. Damage was worse elsewhere. The Nasdaq composite index fell 14 points to 747, a drop of nearly 2 percent.

The stock market again took its cues from the bond market, where fears of higher inflation pushed bond prices lower and interest rates up. The yield on 30-year Treasury bonds rose to 7.88 percent from 7.85 percent Monday. The yield is now the highest since June 10, 1992.



DISCOVER

Manhoben

Sunday Night at

lights

TANAMUNING

MUSIC BY
The Bends

October 9, 1994
8pm to midnight
No Host bar

Columbus Day Weekend

TANAMUNING

Notice of Public Hearing
Committee on Economic-Agricultural Development & Insurance

9:00 am, Thursday, October 6, 1994
Public Hearing Room
Guam Legislature Temporary Building
155 Hessler St. Agana, Guam

• AGENDA •

- Reappointment
Vicente C. Crisostomo to the Agricultural Board of Commissioners, term to expire (put date here)
- Bill 1104 an act to change insurance requirements for private security companies.
- Bill 1140 an act to transfer available funding to the Dept. of Public Works and the Public Utility Agency of Guam to undertake road clearing and water improvements.
- Bill 1154 an act to amend the Guam Economic Development Authority Small Business Development Fund Rules and Regulations.

Chairman, Sen. Ben C. Pangalanan invites the Public to attend.
"Y MANMA CUMBIBADA Y PUBLICO"

"That's a major negative weighing on the stock market," says Michael Metz, market analyst at Oppenheimer and Co. Metz believes the Dow could drop another 8 percent to 3500 by the end of the month.

Investors were anxious over several economic reports out Tuesday. Combined, the news heightened fears that the Federal Reserve, by mid-November, will nudge short-term interest rates higher to cool the economy and curb inflation.

Good economic news that proved bad for Wall Street:

- The index of leading indicators, which forecasts economic trends six to nine months out, rose a brisk 0.6 percent in August, highest since March. The index has gone 13 months without a drop.
- Auto makers reported robust sales of light trucks for September.
- Retail revenue remained strong the week ended Oct. 1, rising 2.3 percent over the first week of September, says Johnson-Redbook Service.

Uneasiness over interest rates also puts more focus on corporate third-quarter earnings reports, which began landing this week.

Daiwa Securities trader Ned Collins says investors are edgy because of Wall Street's lousy October track record. Past drubbings include one-day Dow drops of 191 points (7 percent) in 1989 and 508 points (23 percent) in 1987.

Blue Atoll
Teppanyaki Restaurant
6:00pm - 10:00pm

Local Dinner Special

- Assorted Sashimi (Tuna, Kai, Amaebi Shrimp)
- Prawn w/Bacon (3 pc. Big Size)
- Prime New York Steak (8 oz.)
- Assorted Vegetable
- Miso Soup
- Rice
- Pickles
- Ice Cream (Gold Label)

\$19.50 Per Person

TROPICANA
SOTETSU TROPICANA HOTEL

Death and Funeral Announcement

JAMES LAPAT DACANAY



better known as "Jimmy", of Dededo, passed away on Sept. 26, 1994 at the age of 83 years.

He is predeceased by his:

Parents: Pedro & Ramoná Dacanay. Son: Filimar S. Dacanay. Brothers in law: Catalino Alfolor, Jesus Santos, Roque Santos, Tim Servino, & Modesto Saquid. Sister-in-law: Paz Santos.

He is survived by his:

Wife: Brigida Santos Dacanay. Children and their spouses: Peter & Keiko Dacanay, Thomas Dacanay & Mary Cruz, Henry & Laura Lynn Viegas Dacanay, William Dacanay, Reggie & Marilyn D. Belcher, Jack & Elizabeth D. Shook, Avery & Caroline D. Ferreras, Ann Reyes Dacanay Brothers/sisters and their spouses: Ruperto & Crispina Dacanay (Dededo) Michael & Linda Dacanay (CA), Felipa D. & Engracio delis Cruz, Vivian Dacanay, Theodora D. & Vicente Laureta all of the Philippines. Brothers/sisters-in-law and their spouses: Deding & Mona Santos, Dolores S. Alfolor (widow of Catalino), Joe Santos (widower of Paz), Delfina Santos (widow of Jesus), Paquita S. Servino (widow of Tim), Guadalupe Saquid (widow of Modesto), Eugenio & Cecilia Santos.

He is additionally survived by 11 grandchildren, numerous aunts, uncles, nieces, nephews, cousins and friends.

Rosary is being said nightly at 12:00 noon at his residence and nightly at 6:30pm at Santa Barbara Church (lower level) in Dededo and will end on October 3, 1994. Last respects may be paid on Tuesday, October 4, 1994 beginning at 9:00am to 12:30pm at Santa Barbara Church (upper level). Mass of Resurrection will be offered at 12:30pm at Santa Barbara Church (upper level) in Dededo. Interment services will follow immediately at Guam Memorial Park in Leyang, Barrigada.

San Agustin's Funeral Home, Inc. - 646-5954/4223



Notice of Public Hearing Committee on Economic-Agricultural Development & Insurance

9:00 am, Thursday, October 6, 1993
Public Hearing Room
Guam Legislature Temporary Building
155 Hesler St. Agana, Guam

• AGENDA •

- Reappointment
Vicente C. Crisostomo to the Agricultural Board of Commissioners
- 1104 an act to change insurance requirements for private security companies.
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Chairman, Sen. Ben C. Pangulanan invites the Public to attend.
"Y MANMA CUMBIBADA Y PUBLICO"

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In Humble Gratitude
We the family of the late



PAUL POLYCARPO DEBIBAR

Wish to extend our sincere and heartfelt appreciation to everyone who in one way or another helped us through one of the hardest times of our lives.

Special acknowledgment to: Juan S.N. Lujan & Family, Robert Ibanez & Family, Gil Quichocho & Family, Maryann Concepcion & Family, Rosemary Acfalle & Family, Daniel Sablan & Family, Auntie Beck Mesa (Dodo) & Family, Guam Army National Guard, and especially to our children who managed to entertain our friends & relatives during the nightly rosary while we were in Honolulu, Hawaii. Also to our Aunts, Uncles, Cousins, Nieces & Nephews in Hawaii and Guam. Our Techa and friends for attending the nightly rosaries, funeral mass and interment.

Your extended love and kindness has touched us deeply and will always be remembered in our hearts. May God Bless You and Your Families.

ALOHA & SI YUUS MAASE: Maria Untalan Mesa Debibar (Melang-Dodo), Paul M. Debibar, Phillip M. Debibar, Priscilla D. Lujan, Lourdes D. Sablan, Bernadita D. Ibanez, James A Debibar, Rosaline Bryd, Maejean D. Quichocho, John T. Debibar, Peter V. Debibar, Robert P. Debibar and their families.

Death and Funeral Announcement

Marta Bunagan Santos "Nanay"



Of Dededo was called to her eternal rest on Friday,
Sept. 23, 1994 at the age of 79

She is predeceased by her:

Parents:Raymundo & Rustica Bunagan
Husband:Jose Mercado Santos
Children:Elsie, Josefino, and Marilita Santos
Brothers & Sisters:Francisco, Angel, Resurreccion, Leonora & Elisea

Her spirit and memories will live in the hearts of her family who include:

Sister: Eugenia Alariao
Children & Families:
• Nilda & Mariano San Jose
Emmanuel & Veronica, Ferdinand, Marilita, and Erhard & Ayano
• Danny & Natty Santos
Joel, Michael, Cathy, MaryAnn, and Diane
• Aida & Benjie Guerra
Al & Lisa, Edwin & Malou, Marivic & Carlos,
Aileen, Carrie & Sonny, Benjamin, Kirby, Nijness,
and Brenier

• Pat & Renato San Luis
Dennis & Vicky, Marita & James,
Anthony, and Tricia
• Efren & Zeny Santos
• Lana & Demetrio Santos
Robert
• Celi & Noel Cruz
Ara Lee, Byron, and Carlo
• Allan & Jane Santos
• Camilo & Lydia Santos
Charles
• Ollie & Dee Santos
Christopher and William

Great Grandchildren: Anika, Nikki, Jamie, Camille, JP, Kay, Majoy, Tesfara, Bianca, Arianne, Marvin, Nicole, Oliver, Krenz, Kervin, Arvic, Rui, Maricar, Celine, Gary, Patti, Kristian, Kristoffer

She will also be missed by numerous cousins, nephews, and nieces.

Rosary is being said nightly at St. Michael & All Angels Church in Mogfog, Dededo at 8pm. Viewing will be held on Friday, Sept. 30, beginning at 4pm with an 8pm Mass at St. Michael & All Angels Church in Mogfog, Dededo

Last Respects will be held on Saturday, Oct. 1 with Mass of Christian Burial at 10:30am at St. Michael and All Angels Church in Mogfog, Dededo. Burial will follow immediately at Tiguac Cemetery in Nimitz Hill.

Ada's Funeral Home

Pacific Daily News
477-9711 Ext. 207

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Introduced

TWENTY-SECOND GUAM LEGISLATURE
1994 (SECOND) Regular Session

AUG 8 '94

Bill No. 1104 (LS)
Introduced by:

V.C. Pangelinan

**AN ACT TO AMEND SECTION 71501, ARTICLE 5, TITLE 10 GUAM
CODE ANNOTATED RELATIVE TO INSURANCE REQUIREMENT
FOR PRIVATE SECURITY OFFICERS.**

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

1 **Section 1. Legislative findings:** The Legislature finds that at the present time, coverage for
2 comprehensive general liability is not economically available for private security organizations
3 on the island. This situation has caused serious problems for private security companies thereby
4 directly impacting their ability to continue operations. The Legislature further finds that
5 general liability policies provide adequate coverage, thus protecting the purchaser of security
6 services under such policies. No policy is economically available under the present limitations
7 and requirements set by law. Continuation of the current policy requirements set by law is
8 forcing some existing companies to cease operations and is threatening the survival of the
9 industry. In order to salvage the jobs and the economic contributions made by this industry, the
10 Legislature finds that it is necessary to amend the insurance requirements for private security
11 agencies.

12 **Section 2.** Section 71501, Article 5, Title 10 Guam Code Annotated is hereby amended to
13 read:

14 **Section 71501. Insurance Requirements.** Each employer of Private Security Personnel
15 shall file with the Department of Revenue and Taxation a certificate of insurance
16 evidencing[Comprehensive] general liability coverage for bodily injury, personal injury, and

1 property damage with endorsements for assault and battery and personal injury, [~~including false~~
2 ~~arrest, and invasion of privacy,~~] in the minimum amount of One Hundred Fifty Thousand Dollars
3 (\$150,000.00) for bodily or personal injury and One Hundred Thousand Dollars (\$100,000.00)
4 for property damage. [~~The certificate of insurance shall contain an endorsement for damage to~~
5 ~~property in the care, custody and control of the Private Security Officer.~~] [~~The certificate of~~
6 ~~insurance shall indicate that coverage of the employer is without any deductible amount.~~] [If the
7 Insurance Commissioner certifies that the policy acquired by the employer is the policy with the
8 least deductible amount,] [the department shall not issue a license to the employer until the
9 certificate of insurance is on file.] If the policy acquired by the employer is the policy with the
10 least deductible amount, the Insurance Commissioner shall certify to that effect. If at any time
11 the certificate of insurance is revoked, then the department shall revoke the business license."