

# TITLE 12

## INSURANCE

### CHAPTER 1

#### INSURANCE

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- §1142. Deviation From Approved Rates.

**NOTE:** Rule-making authority cited for formulation of regulations by the Insurance Commissioner, 22 GCA §12212. The Insurance Law can be found in 22 GCA Division 2.

**§1101. Licenses: Certificate of Authority.** (Legal Authority: 22 GCA §§15103, 18305, 15402, 15403, 15502, 15505 Insurance Law.) (a) **Domestic Insurance Company.** Domestic insurers, in order to obtain a Certificate of Authority, shall file with the Commissioner the following:

(1) Application for Certificate of Authority (Form I-1).

(2) Agreement and Power of Attorney (Form I-2).

(3) A copy of its annual statement in the form prescribed by the National Association of Insurance Commissioners for the year immediately preceding the application for a Certificate of Authority.

(4) Insurance Company's Bond (Form I-3), or in lieu thereof Deposit Agreement in Lieu of Bond (Form I-4).

(b) **Foreign Insurers.** Foreign insurers, in order to obtain a Certificate of Authority, shall file with the Commissioner the following:

(1) Application for Certificate of Authority (Form I-1).

(2) Agreement and Power of Attorney (Form I-2).

(3) A copy of its annual statement in the form prescribed by the National Association of Insurance Commissioners for the year immediately preceding the application for a Certificate of Authority.

(4) Insurance Company's Bond (Form I-3), or in lieu thereof Deposit Agreement in Lieu of Bond (Form I-4).

(5) Appointment of General Agent, Authority to Appoint Subagents and Solicitors, Authority to Accept Service of Legal Process, Authority to Countersign Policies of Insurance (Form I-5).

(6) A copy of the last report of examination certified to by the Commissioner, or like officer of the state or territory in which the company is organized.

(c) **Alien Insurers.** Alien insurers, in order to obtain a Certificate of Authority, shall file with the Commissioner the following:

(1) Application for Certificate of Authority (Form I-1).

(2) Agreement and Power of Attorney (Form I-2).

(3) A copy of its annual statement in the form prescribed by the National Association of Insurance Commissioners for the year immediately preceding the application for Certificate of Authority.

(4) (Insurance Company's Bond) together with sworn proof that such insurance company has, in Guam, unencumbered United States dollar assets available for the payment of claims in a minimum amount equal to the paid-in capital required of domestic insurers by 22 GCA Chapter 15 Article 3, or in lieu of such bond and proof of such funds, a Deposit Agreement (Form I-4a) in an amount equal to the minimum amount of paid-in capital required of domestic insurers by 22 GCA Chapter 15 Article 3 with the Commissioner, but not less than Fifty Thousand Dollars (\$50,000.00).

(5) Appointment of General Agent, Authority to Appoint Subagents and Solicitors, Authority to Accept Service of Legal Process, Authority to Countersign Policies of Insurance (Form I-5).

(6) A copy of the last report of examination certified to by the Commissioner, or like officer of the country in which the company is organized.

(d) Forms I-1, I-2, I-3, I-4, I-4a and I-5, which are attached hereto and are made a part hereof are adopted as a regulation and the information contained therein, where applicable, is required for a all insurers applying for a Certificate of Authority.

(e) All documents filed with the Director of Finance in accordance with 18 GCA §7101 shall be considered to be likewise filed in support of an application for a Certificate of Authority.

**§1102. Same: General Agent's License.** (Legal Authority: 22 GCA §§15402, 15502, 15702, 15704, 15705 Insurance Law.) In addition to Form I-5 which is filed with an application for a Certificate of Authority, in order to obtain a General Agent's License, there shall be filed with the Commissioner Application for General Agent's License Form I-10.

**§1103. Same: Subagent's License.** (Legal Authority: 22 GCA §§15701, 15702, 15704, 15705 Insurance Law.) In order to obtain a Subagent's License, there shall be filed with the Commissioner the following:

(a) Application for Subagent's License (Form I-10).

(b) Appointment of Subagent (Form I-12).

**§1104. Same: Solicitor's License.** (Legal Authority: 22 GCA §§15701, 15702, 15704, 15705 Insurance Law.) In order to obtain a Solicitor's License, there shall be filed with the Commissioner the following:

(a) Application for Solicitor's License (Form I-11).

(b) Appointment of Solicitor (Form I-13).

**§1105. Same: Cancellation of License Upon Termination of Appointment.** (Legal Authority: 22 GCA §15704 Insurance Law.) Whenever the appointment of Subagent or Solicitor is terminated, the Commissioner shall be immediately notified thereof in writing accompanied by proof that notice of termination has also been delivered or mailed to such Subagent or Solicitor. Such notice of termination may state the causes therefor, and any information so furnished the Commissioner shall be privileged insofar as it shall not be used in any action against the Insurer, General Agent or Subagent furnishing such information. Whenever an appointment is terminated, the license issued pursuant to the appointment shall be revoked by the Commissioner in its entirety or to such extent as shall conform with any continuing appointment. Such revocation shall not be effective until sufficient time shall have elapsed for receipt of the notice of termination through the regular course of the mails unless there has been a prior delivery.

**§1106. Same: Forms.** Forms I-10, I-11, I-12 and I-13, which are attached hereto and are made a part hereof are adopted as a regulation and the information contained therein, where applicable is required for all persons applying for General Agent's, Subagent's and Solicitor's Licenses.

**§1107. Same: Licensing Forms.** Forms to be used in conjunction with licensing regulations of the Insurance Law are listed as follows:

- |  |           |
|--|-----------|
| (a) Application for Certificate of Authority   | Form I-1  |
| (b) Agreement and Power of Attorney  | Form I-2  |
| (c) Insurance Company's Bond   | Form I-3  |
| (d) Deposit Agreement in Lieu of Bond  | Form I-4  |
| (e) Deposit Agreement of Alien Insurance Company   | Form I-4A |
| (f) Appointment of General Agent, Authority to Appoint Subagents and Solicitors, Authority to Accept |           |

Service of Legal Process, Authority to Countersign Policies of Insurance	Form I-5
(g) Application for General Agent's or Subagent's License	Form I-10
(h) Application for Solicitor's License	Form I-11
(i) Appointment of Subagent	Form I-12
(j) Appointment of Solicitor	Form I-13

The above cited forms can be found on the following pages.



thereof, does hereby agree that any legal process affecting the said Company may be served upon the Insurance Commissioner of the government of Guam or his Deputy, or upon \_\_\_\_\_, Agent for said Company, at \_\_\_\_\_ who is hereby specified and authorized to receive and accept service of process for said Company, and that in case the said Company should cease to transact business in the territory of Guam, or to maintain the Agent hereinbefore designated, then such process may thereafter be served on the Insurance Commissioner of the government of Guam or his Deputy, in any action against the Company, upon any policy of liability issued or contracted by said Company, and any such service of process shall have the same effect and shall be taken and held to be as if served personally on the Company within the territory of Guam.

The said Company does hereby further consent to being sued by an injured person or his heirs or representatives in a direct action on any policy or liability insurance in accordance with 22 GCA §18305.

IN TESTIMONY WHEREOF, The Company in accordance with a resolution of its Board of Directors, duly adopted by the Board on the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_, (certified copy is hereto attached), and to these presents has affixed its corporate seal and caused the same to be subscribed and attested to by its President and Secretary at the City of \_\_\_\_\_, in the State of \_\_\_\_\_ on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary  
I, \_\_\_\_\_ Secretary of the \_\_\_\_\_  
of \_\_\_\_\_ do hereby  
certify that the following is a true and correct copy from the  
corporate records of the Company of a resolution duly adopted by  
the Board of Directors thereof at a \_\_\_\_\_ meeting  
of the Board, a quorum thereof present and acting, on the  
\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, that is to say:

RESOLVED, that the President and Secretary of this  
Company are hereby authorized to execute, under the corporate  
seal of the Company, an Agreement and Power of Attorney in  
accordance with 22 GCA 15103(b), 15103(b) and 18305.

GIVEN and certified at the principal office of the  
Company, in the City of \_\_\_\_\_, State of  
\_\_\_\_\_, and the common seal thereof affixed by the  
undersigned, having custody of the seal as Secretary of  
the Company, this \_\_\_\_\_ day of \_\_\_\_\_,  
20\_\_.

\_\_\_\_\_  
Secretary  
(Form I-2)

INSURANCE COMPANY'S BOND

KNOW ALL MEN BY THESE PRESENTS:

That we, \_\_\_\_\_

\_\_\_\_\_ as principal and \_\_\_\_\_

\_\_\_\_\_, as surety, are held and firmly bound unto the Insurance Commissioner and his successors in office, in the sum of Fifty Thousand Dollars (\$50,000.00), lawful money of the United States, for the payment of which, well and truly to be made, we hereby bind ourselves, our executors, administrators and assigns, jointly, severally and firmly by these presents.

WITNESS our hands and seals this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

The conditions of the above obligation are such that:

WHEREAS: The said \_\_\_\_\_

\_\_\_\_\_ has filed its charter and statement, and in other respects conformed to the requirements of the Statutes in such cases made and provided; and,

WHEREAS: The said Company proposes to enter this Territory (or continue in this Territory) for the purpose of transacting the business of \_\_\_\_\_ Insurance for the period of one year ending June 30, 20\_\_.

NOW, THEREFORE, If the said

\_\_\_\_\_ shall promptly pay all claims arising and accruing to any person or persons, by virtue of any policy issued by the said Company, during the term of this bond, upon the life or person of any resident of Guam, or upon any property situated in the territory of Guam, when the same shall become due then this obligation shall become void; otherwise to remain in full force and effect.

(SEAL) \_\_\_\_\_ (SEAL)

(SEAL) \_\_\_\_\_ (SEAL)

\_\_\_\_\_ (SEAL)

\_\_\_\_\_ (SEAL)

\_\_\_\_\_ (SEAL)

SIGNATURE WRITTEN above must be typewritten below.

COUNTERSIGNED:

\_\_\_\_\_  
Resident Agent

NOTE: This Bond must be countersigned by a licensed Resident Agent in Guam of the Surety.

(Form I-3)

DEPOSIT AGREEMENT IN LIEU OF BOND

Pursuant to the provisions of 22 GCA §15102(f), the

\_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_ desires to qualify itself to transact the business of \_\_\_\_\_ in Guam and enters into this agreement with the Insurance Commissioner of Guam and deposits with him the following described securities to - wit:

It is agreed between the parties hereto that this Fifty Thousand Dollars (\$50,000.00) deposit of securities is made in lieu of a Fifty Thousand Dollars (\$50,000.00) bond and that securities of the value of at least Fifty Thousand Dollars (\$50,000.00) shall remain on deposit (though securities may be substituted with the approval of the Commissioner) for the benefit and protection of the policyholders and creditors of the Company so long as the Company has any liability outstanding in Guam.

The Company may collect and retain the interest when due on the securities deposited.

IN WITNESS WHEREOF, we have hereunto affixed our signatures and seals on the dates indicated below.

\_\_\_\_\_  
Company  
By \_\_\_\_\_  
Name and Title  
Attest: \_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

\_\_\_\_\_  
Commissioner of Insurance of Guam  
Date: \_\_\_\_\_

(Form I-4)

DEPOSIT AGREEMENT ALIEN INSURANCE CO.

Pursuant to the provisions of Section 202, the \_\_\_\_\_ of \_\_\_\_\_ desires to qualify itself to transact the business of \_\_\_\_\_ in Guam and enters into this agreement with the Insurance Commissioner of Guam and deposits with him the following described securities to - wit:

It is agreed between the parties hereto that this deposit of securities of the value of at least \$ \_\_\_\_\_ shall remain on deposit (though securities may be substituted with the approval of the Commissioner) for the benefit and protection of the policyholders and creditors of the Company so long as the Company has any liability outstanding in Guam.

The Company may collect and retain the interest when due on the securities deposited.

IN WITNESS WHEREOF, we have hereunto affixed our signatures and seals on the dates indicated below.

\_\_\_\_\_  
Company  
By \_\_\_\_\_  
Name and Title  
Attest: \_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

\_\_\_\_\_  
Commissioner of Insurance of Guam

\_\_\_\_\_  
Date  
(Form I-4A)

Form I-5  
APPOINTMENT OF GENERAL AGENT  
AUTHORITY TO APPOINT SUBAGENTS AND  
SOLICITORS AUTHORITY TO ACCEPT SERVICE  
OF LEGAL PROCESS AUTHORITY TO  
COUNTERSIGN POLICIES OF INSURANCE

KNOW ALL MEN BY THESE PRESENTS:

That pursuant to the requirements of the 22 GCA Division 2, the \_\_\_\_\_, an Insurer organized under the laws of \_\_\_\_\_ and authorized to do business therein, and desiring to carry on business of insurance in Guam as authorized by law (hereinafter called the "Insurer"), does hereby:

(1) Designate and appoint \_\_\_\_\_ and having \_\_\_\_\_ principal office and place of business at \_\_\_\_\_, in Guam, as its General Agent in Guam (hereinafter called the General Agent);

(2) Authorize and empower the General Agent to appoint Subagents and Solicitors pursuant to the requirements of the 22 GCA Chapter 16, and does hereby grant and give to the General Agent full power and authority to do and perform each and every act or transaction necessary to be done in the premises, as fully and completely as said Insurer might or could do if personally present, and does hereby ratify and confirm all acts that the General Agent may do under and by virtue of these presents; and

(3) Authorize the General Agent to accept service of any notice or process in any action or proceeding brought or pending in Guam upon any cause of action arising in or growing out of business transacted in Guam; such authorization to be valid until such time as it shall be revoked by a notice in writing filed in the office of the Insurance Commissioner of Guam;

(4) Authorize the General Agent to countersign all policies of insurance effected on risks in Guam by the Insurer.

IN WITNESS WHEREOF, said Insurer has caused this instrument to be executed in its name and behalf, by its proper authorized officers, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

(SEAL)

By \_\_\_\_\_  
By \_\_\_\_\_



Form I-10  
 APPLICATION FOR GENERAL AGENT'S OR  
 SUBAGENT'S LICENSE

The undersigned hereby applies for a \_\_\_\_\_ License authorizing the transaction of the business of insurance in Guam of the following classes of insurance:

\_\_\_\_\_/\_\_\_\_\_/ Fire \_\_\_\_\_ /\_\_\_\_\_/ \_\_\_\_\_ Fidelity & Surety  
 /\_\_\_\_\_/ Life

\_\_\_\_\_/\_\_\_\_\_/ Motor Vehicle /\_\_\_\_\_/ \_\_\_\_\_ Title  
 /\_\_\_\_\_/ Marine

\_\_\_\_\_/\_\_\_\_\_/ Accident, \_\_\_\_\_ /\_\_\_\_\_/ \_\_\_\_\_ Worker's  
 /\_\_\_\_\_/ Miscellaneous Health Property  
 Compensation

Damage Liability

1. Name of Applicant \_\_\_\_\_ Age \_\_\_\_\_

2. R e s i d e n c e A d d r e s s \_\_\_\_\_

3. B u s i n e s s A d d r e s s \_\_\_\_\_

4. Applicant's form of organization is: \_\_\_\_\_

(proprietorship, partnership, corporation)

5. Do you use any other name than the one set forth to answer question No. 1 in the conduct of your business?

\_\_\_\_\_/\_\_\_\_\_/ Yes \_\_\_\_\_ /\_\_\_\_\_/ No

6. If the answer to question No. 5 is Yes, give the name of your business: \_\_\_\_\_

7. If the answer to question No. 5 is Yes, have you complied with 18 GCA §26101?

\_\_\_\_\_/\_\_\_\_\_/ Yes \_\_\_\_\_ /\_\_\_\_\_/ No

8. Is the license to be issued in the name of your business or in your personal name?

9. If applicant is a partnership or association, give the name of all members thereof; if a corporation, the names and address of all officers of the corporation.

Name	Title	Address
------	-------	---------

Name	Title	Address
------	-------	---------

10. If applicant is a partnership, association or corporation, list the names of all individuals who are to be authorized to act under this license.

(Name and applicable class or classes of insurance for each individual)

(All so listed must qualify)

11. Is applicant, or each person listed under item No. 10 a resident of Guam?

/  / Yes       /  / No

12. If answer to item No. 11 is No, give address of permanent residence of each.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

13. Have you or any person listed under item No. 9 or No. 10 ever been denied or had an insurance license revoked?

/  / Yes     /  / No    If answer is Yes, a letter of explanation, in detail, must accompany application.

14. Have you or any person listed under item No. 9 or No. 10 ever been convicted of a felony?

/  / Yes     /  / No    If answer is Yes, a letter of explanation, in detail, must accompany application.

15. Are you, and each person under item No. 9 or No. 10, familiar with the Insurance Laws of Guam and do you agree to conduct your business in accordance there with and do you understand that if you are required to take an examination there will be several questions on the laws that you must answer satisfactorily?

/  / Yes       /  / No

16. Is applicant, or any person listed under item No. 9 or No. 10, engaged in any other business, either full-time or part-time?

/  / Yes       /  / No

If Yes, what is the nature of the other business?

- - - - -  
\_\_\_\_\_

17. Give the following information with regard to your previous insurance experience, if any:

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Date	Address	General Agent
Class or	of	Subagent or
Classes of	Employer	Employer
FromTo	Employer	Solicitor
Insurance		
—		
—		
—		
—		
—		
—		
—		

18. The applicant hereby certifies that the principal use of the license applied for is not to effect insurance on the applicant's own life, property or risks, or the life property or risks of employers or members of applicant's family.

Territory of Guam )  
Municipality of \_\_\_\_\_ )SS.

AFFIDAVIT

The undersigned, being duly sworn, deposes and says that he is the person named in the foregoing application, that he knows the contents thereof, and that each of the statements made, and answers to the questions therein, are true of his own knowledge.

\_\_\_\_\_  
(Signature of Applicant)

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.  
(SEAL)

\_\_\_\_\_  
(Notary Public)

(Form I-10)

Form I-11

APPLICATION FOR SOLICITOR'S LICENSE

The undersigned hereby applies for a solicitor's license for the following classes of insurance.

_____ /___/	Fire	_____ /___/	Fidelity & Surety
_____ /___/	Life		
_____ /___/	Motor Vehicle	_____ /___/	Title
_____ /___/	Marine		
_____ /___/	Accident, Health	_____ /___/	
Worker's Property Damage Liability	_____ /___/ Miscellaneous		Compensation

1. Name of Applicant \_\_\_\_\_

Age \_\_\_\_\_

2. R e s i d e n c e      A d d r e s s

3. B u s i n e s s      A d d r e s s

4. Are you a permanent resident of Guam?

5. Will your time be devoted exclusively to the insurance business?

6. If No, what portion of your time will be devoted to insurance?

7. Give the following information with regard to your previous insurance experience, if any:

Class or Date	To	Employer	Address of Employer	General Agent Subagent or Solicitor
_____				
_____				
_____				
_____				
_____				
_____				

8. Have you ever been denied or had an insurance license revoked?

/\_\_\_/ Yes /\_\_\_/ No If answer is Yes, a letter of explanation, in detail, must accompany application.

9. Have you every been convicted of a felony?

/\_\_\_/ Yes /\_\_\_/ No If answer is Yes, a letter of explanation, in detail, must accompany application.

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10. Are you familiar with the provisions of the contract(s) of insurance to be negotiated?

\_\_\_\_\_

11. What instruction in insurance have you had?

\_\_\_\_\_

12. What instruction in insurance do you expect to receive?

\_\_\_\_\_

\_\_\_\_\_

13. Are you familiar with the Insurance Laws of Guam and do you agree to conduct your business in accordance therewith and do you understand that if you are required to take an examination there will be several questions on the laws that you must answer satisfactorily?

\_\_\_\_\_/\_\_\_\_\_/ Yes /\_\_\_\_\_/ No

14. The applicant hereby certifies that the principal use of the license applied for is not to effect insurance on the applicant's own life, property or risks, or the life, property or risks of employees or members of applicant's family.

AFFIDAVIT

Territory of Guam )

)SS.

Municipality of \_\_\_\_\_)

The undersigned being duly sworn deposes and says that he is the person named in the foregoing application, that he knows the contents thereof, and that each of the statements made, and answers to the questions therein, are true of his own knowledge.

\_\_\_\_\_  
(Signature of Applicant)

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
(Notary Public)

(SEAL)  
My commission expires: \_\_\_\_\_  
(Form I-11)

Form I-12  
APPOINTMENT OF SUBAGENT

To the Insurance Commissioner of Guam:

The undersigned \_\_\_\_\_  
hereby \_\_\_\_\_ (General Agent or Insurer)  
appoints \_\_\_\_\_ whose address  
is \_\_\_\_\_ to act in  
Guam as its Subagent for the following classes of Insurance:

_____ /___/	Fire _____ Life _____	Fidelity & Surety
_____ /___/	Motor Vehicle _____ Marine _____	/___/ Title
_____ /___/	Accident, Health _____ Worker's _____ Property Damage _____	/___/ Miscellaneous

Compensation

Liability

Further, the undersigned \_\_\_\_\_  
hereby:

1. Certifies that this appointment shall remain in effect continuously until written notice of termination is received by the Insurance Commissioner or said Subagent's license to transact insurance business in Guam is revoked or is not renewed.
2. Authorizes said Subagent to appoint Solicitors in accordance with 22 GCA §15704.
3. Certifies that I have known the appointee for \_\_\_\_\_, and I have investigated his character and reputation and recommend appointee as being worthy of a Subagent's license.
4. Certifies that I have examined appointee and found that he has sufficient knowledge of insurance and the insurance laws of Guam to properly act as a Subagent.

Dated at \_\_\_\_\_ Guam, \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
(General Agent or Insurer) b y

\_\_\_\_\_  
(Official Title)

(Form I-12)

Form I-13  
APPOINTMENT OF SOLICITOR

To the Insurance Commissioner of Guam:

The undersigned \_\_\_\_\_  
hereby (Insurer, General Agent or  
Subagent)  
a p p o i n t s

w h o s e a d d r e s s i s \_\_\_\_\_  
to act in  
Guam as its Solicitor for the following classes of Insurance:

_____ /___/ /___/	Fire Life	_____ /___/	Fidelity & Surety
_____ /___/ /___/	Motor Vehicle Marine	_____ /___/	Title
_____ /___/ /___/	Accident, Health Miscellaneous Property Damage	_____ /___/	Worker's

Compensation  
Liability  
Further, the undersigned  
\_\_\_\_\_ hereby:

1. Certifies that this appointment shall remain in effect continuously until written notice of termination is received by the Insurance Commissioner or said Subagent's license to transact insurance business in Guam is revoked or is not renewed.
2. Certifies that I have known the appointee for \_\_\_\_\_ and that I have investigated his character and reputation and recommend appointee as being worthy of a Solicitor's license.
3. Certifies that I have examined appointee and found that he has sufficient knowledge of insurance and the insurance laws of Guam to properly act as a Solicitor.

Dated \_\_\_\_\_ Guam, \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
(Insurer, General Agent or  
Subagent)  
b y  
\_\_\_\_\_

(Form I-13)

**§1108. Approval of Forms: Legal Authority.** Legal authority cited for approval of Forms 22 GCA §18308 Insurance Law. These Regulations shall govern the filing with the Commissioner of policy forms (except surety bond forms), application forms, printed riders and endorsement forms.

**§1109. Same: Filing - Bureau Members.** The filing with the Commissioner of policy forms, application forms, printed riders and endorsement forms made by rating bureaus whose charter, articles of incorporation, rules and regulations give them control over such forms and riders to be used by their members and subscribers shall be considered a filing by said members and subscribers:

(a) Any deviation from such filing by a member or subscriber shall be directly filed with the Commissioner by the deviating member or subscriber.

(b) It shall be taken for granted that any insurer admitted as a new member or subscriber of a rating bureau shall use the forms of such rating bureau from the effective date of its membership or subscribership.

(c) Any insurer that ceases to be a member or subscriber of a rating bureau shall immediately comply with the filing requirements established in 22 GCA §18308 of the Insurance Law.

**§1110. Same: Filing - For Insurers, Not Bureau Members.** Any insurer not a member or subscriber of a rating bureau shall file with the Commissioner, every policy form (other than surety bond forms) application forms, written riders and endorsement forms which it intends to use.

**§1111. Same: Filing Procedure.** The filing with the Commissioner of policy forms, application forms, written riders and endorsement forms shall be made as follows:

(a) Every filing shall be accompanied by a transmittal letter indicating the following:

(1) The name of the rating bureau or insurer making the filing under the signature of an authorized person.

(2) If a new form, it shall be so stated in the transmittal letter, which shall also contain a description of the coverage as well as of the submitted form.

(3) If a revision of a form previously submitted it shall be so stated in the transmittal letter informing also the date of approval of the previous form and the proposed changes.

(4) All the enclosed forms, with their respective titles and numbers shall be numerated in the transmittal letter.

(5) A statement that the form has or has not been approved for use in the state in which the insurer has its home office, or if the form is submitted by a rating bureau, the state or states in the United States in which the form is being used.

(6) If the form is not in use in the United States, a detailed statement setting forth the difference in the form and forms customarily used in the United States to effect the same insurance coverage and the reasons for its use in the preference to the forms customarily used in the United States.

**§1112. Same: Duration of Binders.** (a) The duration of binders shall be limited according to the following:

(1) Written binder shall have a maximum duration of thirty (30) days.

(2) Oral binders shall have a maximum duration of five (5) days.

(b) In the case of both written and oral binders holidays are included in the duration period.

**§1113. Same: Renewal of Binders.** Renewal of binders is permitted with the exception of oral binders, but in no case shall binders be issued to cover a total period for all binders which extends beyond ninety (90) days.

**§1114. Rate Filing: Legal Authority.** Legal authority cited for rate filing 22 GCA §§18501, 18502, 18503 of the Insurance Law.

**§1115. Same: Applications.** All rate filings shall be accompanied by a letter of transmittal setting forth:

(a) The name of the rating organization or insurer making the filing under the signature of a person authorized to make such filing.

(b) The manual, manual section, page number, rule number and classification or rate of the filing, and if the filing proposes a change or revision, such fact shall be noted indicating clearly the difference from the previous filing.

(c) In the case of new insurance and in other appropriate cases, a summary of the coverage contemplated.

(d) Statistical data on which it is based, reasons justifying the filing and the information contained in Form I-20 for the five (5) preceding years for all insurance except life, marine, sickness, accident and health insurance.

(e) In case of life, marine, sickness, and accident and health, the rates charged for the same insurance coverage in the United States jurisdiction most near to Guam in which the company is doing business and an explanation of the difference in such rates and the proposed rates, if any.

The information required under Paragraphs (a) and (b) above may be sent in an explanatory memorandum.

**§1116. Same: General Requirements.** (a) The letter of transmittal shall be sent in duplicate.

(b) The filing and explanatory memorandum shall be sent in duplicate.

(c) The filing shall be not later than thirty (30) days prior to the proposed effective date.

**§1117. Same: Underwriting Profit Report.** Form I-20, which is attached hereto and made a part hereof, is hereby adopted as a regulation and the information contained therein is required in support of every filing for approval of rates for each insurance coverage, except in the case of life, marine, sickness, accident and health insurance.

12 GAR - INSURANCE

Form I-20  
UNDERWRITING PROFIT REPORT  
(Direct writing basis only)  
(Do not include premiums, taxes, losses or  
expenses on reinsurance ceded or assumed)

TO THE INSURANCE COMMISSIONER:

Dear Sir: The following contains a true and correct report of  
Direct \_\_\_\_\_ premiums, Direct \_\_\_\_\_ premiums  
earned, Direct \_\_\_\_\_ losses incurred and Direct  
\_\_\_\_\_ expenses incurred on direct risks in the  
territory of Guam by the \_\_\_\_\_ Insurance  
Company of \_\_\_\_\_ for the one (1) year period  
beginning January 1st, 20\_\_, and ending December 31st, 20\_\_.

\*Item 1. Direct \_\_\_\_\_ premiums earned, by  
Sched. "A" \$

Item 2. Direct \_\_\_\_\_  
losses incurred, by  
Sched. "B" \$

Item 3. Direct \_\_\_\_\_  
expenses incurred, by  
Sched. "C" \$

Total of Items 2 and  
3 (extend) \$

Underwriting Profit  
(or loss) (Item 1 less  
total of 2 and 3  
(above) \$

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

12 GAR - INSURANCE

AFFIDAVIT

STATE OF \_\_\_\_\_ )

)

COUNTY OF \_\_\_\_\_ )

\_\_\_\_\_ states on oath that he is the

\_\_\_\_\_ of the Company named above and that this report is true and correct, as shown by the books and records of that Company in the conduct of its direct underwriting business in Guam for said one (1) year. There is not included any item applying to any other class of risks or allied lines. No State of Federal Income excess profit taxes, investment expense or conflagration hazard costs are included herein.

\_\_\_\_\_ Subscribed and sworn to me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_ My Commission expires \_\_\_\_\_.

\*NOTE: The totals on this page must be compiled according to Schedules A, B and C attached, which are completed and filed with and as part of this report.

(Form I-20)

\_\_\_\_\_  
Name of Company

SCHEDULE A - EARNED --- \_\_\_\_\_ PREMIUMS

1.	Total gross direct
_____ premiums	
written during this period	\$ _____
	(a) Less return
premiums	\$ _____
	(b) Net direct
premiums	\$ _____
2.	Add unearned
direct _____ premiums	
at beginning of period	\$ _____
3.	Total of 1(b) and 2\$

=====

4.	Deduct unearned
_____ premiums	
at end of period	\$ _____
5.	Earned direct
_____ premiums	
for one (1) year period (carry result	
to Item 1, Form I-20)	\$ _____

SCHEDULE B - \_\_\_\_\_ LOSSES INCURRED

1.	-----
losses paid on direct	
writing during period	\$ _____
2.	Add unpaid direct
_____ losses at	
end of period	\$ _____
3.	Total of 1 and 2 \$
4.	Deduct unpaid
direct _____ losses	
at beginning of period	\$ _____
5.	Balance \$
6.	Deduct salvage
recovered on direct	
writing	\$ _____
7.	D i r e c t
_____ losses incurred during	
period (carry result to item 2, Form I-20).	\$ _____

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SCHEDULE C - GUAM DIRECT \_\_\_\_\_ EXPENSES  
INCURRED

(a) Expenses Incurred -----

Report only such items as are paid for direct underwriting in Guam. Do not include any investment expense or expense on any other classes.

1.	_____ loss
adjustment expenses paid on	
direct writing during period	\$ _____
2.	A d d u n p a i d
adjustment expense on direct	
writing due at end of period	\$ _____
3.	Total of Items 1 and
2 above	\$ _____
4.	Deduct unpaid
adjustment due on direct	
writing at beginning of period	\$ _____
5.	Incurred direct
_____ expense	
(Item 3 less Item 4)	\$ _____
6.	A g e n t s '
compensation paid on direct only	\$ _____
7.	Field supervision
expense paid on direct	
writing only	\$ _____
8.	G u a m t a x e s ,
licenses and fees	
(exclude territorial and federal income	
and excess profits taxes)	\$ _____
9.	Paid -----
Inspection and Rating	
Bureau on direct only	\$ _____
10.	G u a m a g e n t s '
_____ balances charged	
off, less \$ _____ recoveries	\$ _____
11.	Other specific
expense on direct Guam	
underwriting (itemize):	
_____	
_____	
12.	Total actual direct
expense Guam direct	
_____ underwriting	\$ _____

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(b) Part of General Underwriting Expense  
 (Investment expense not included. Exclude all taxes)  
 Guam's Pro Rata Allocation

\_\_\_\_\_ Expenses To \_\_\_\_\_  
 To All (All lines) Business  
 Other (1) (2) (3) (4) Lines  
 (5) (6)

13. Salaries and fees  
 to directors, officers  
 and clerks. Home  
 office only direct.  
 14. Rents, Home office  
 only direct  
 15. General Home office  
 maintenance and  
 16. expense on direct  
 Depreciation on home  
 office furniture and  
 fixtures; same as  
 allowed by Federal  
 Government as  
 deductions on income  
 during past year  
 17. Home office postage,  
 telegraph, telephone,  
 exchange and express  
 on direct  
 18. Advertising and  
 subscriptions on  
 direct  
 19. Printing and stationery  
 on direct  
 20. Miscellaneous under-  
 writing expense;  
 itemize on back hereof  
 on direct  
 21. Home office legal  
 expenses on direct  
 writing  
 22. Total all States

\_\_\_\_\_  
 23. Total \_\_\_\_\_direct  
 premiums earned states \$

\_\_\_\_\_  
 24. Earned direct \_\_\_\_\_ premiums  
 in Guam (Line 24 is \_\_\_\_\_ % of  
 line 23) \$

\_\_\_\_\_  
 25. Pro rata general \_\_\_\_\_ expense for  
 Guam - apply above percentage to total

12 GAR - INSURANCE

expenses allocated to \_\_\_\_\_ business  
 (line 22, column 3, above). Result \$

RECAPITULATION

Actual expense incurred  
 (Schedule C, Line 12) \$

Pro rata of general expense  
 (Line 25, above) \$

Total Guam actual and pro rata  
 incurred expense (carry to Item 3, Form) \$

\*NOTE - To allocate general expense to \_\_\_\_\_ underwriting  
 use this method: Total earned direct \_\_\_\_\_ premiums of  
 the Company, all states for one year, \$\_\_\_\_\_ divided by  
 total earned, direct premiums, all classes, all states, for one (1)  
 year, \$\_\_\_\_\_ equals \_\_\_\_\_% (insert figures). Multiply  
 total general expense, Column 1, Line 22, above, by this percent  
 and place result in Column 3, Line 22, above.

(Form I-20)

**§1118. Proceedings for the Investigation, Hearings and Resolution of Complaints: Legal Authority.** Legal authority cited for proceedings for the investigation, hearings and resolution of complaints, 22 GCA §§12204, 12206 of the Insurance Law.

**§1119. Same: Filing of Complaint.** Any person may file before the Commissioner a complaint charging violations of the Insurance Law and its regulations. Such complaint shall be made in writing:

(a) The complaint shall contain the full name and the corporate name, in the case of a legal person, the address of the Complainant and the Respondent, and a clear and concise statement of the facts upon which the complaint is based.

(b) Following the filing of a complaint the Commissioner shall cause to be made a preliminary investigation of the charges set forth therein.

(c) Should the Commissioner decide that the complaint should be issued, he shall order, according to the Insurance Law of Guam, 22 GCA §12206, a hearing to be held and shall prepare such complaint in the name of the Office of the Commissioner and serve it with a copy to the Respondent, the Complainant, and to all persons directly affected by such hearing.

(d) Should the Commissioner decide that a complaint will not be issued he shall so notify the person filing the complaint by issuing a "Notice of Dismissal of the Complaint." In the event of such dismissal, the person filing the complaint, within ten (10) days after the date of the "Notice of Dismissal," may request from the Commissioner that a hearing be held for the purpose of reconsideration of his order, according to the provisions of 22 GCA §12206 of the Insurance Law of Guam. The Commissioner may concede additional time if timely written request is made in which reasonable grounds to sustain it are stated.

(e) Amendments. Any complaint may be amended by the person who filed it.

(f) Withdrawal. A complaint may be withdrawn only with the approval of the Commissioner.

**§1120. Same: Complaint, Notice of Hearing and Answer.** (a) The issuance of a complaint shall be accompanied by a "Notice of Hearing," which shall fix a date and place for the hearing, specifying the matters to be considered thereat. The hearing shall not be held until a period of fifteen (15) days has elapsed after the parties are notified, excluding Sundays and holidays.

(b) The complaint shall be issued by the Commissioner in the name of the Complainant. After the commencement of the hearing the complaint may be amended only with the consent of and upon such terms as the Commissioner may require.

(c) Answer: The Respondent may answer the complaint or its amendments. Such answer shall be in writing and shall contain an admission or denial of the facts set forth in the complaint or its amendments together with any affirmative matter alleged as a defense or relied on by the Respondent to avoid or negate the facts set forth in the complaint. Such answer shall be filed with the Office of the Commissioner within fifteen (15) days after notice of complaint. The original thereof shall be signed by the Respondent or his duly authorized representative. The Respondent shall serve copies of any answer or amendment thereof upon the Complainant and all persons who are parties to the proceeding, and shall file proof of such service with the Office of the Commissioner. Any allegation of any complaint or amendment thereof not denied by the answer shall be deemed admitted by the Respondent, and the Commissioner may thereupon make findings of facts and conclusions of law based upon such admission. Upon application of the Respondent the Commissioner may extend the time for filing the answer. Prior to the hearing the answer may be amended by the Respondent. After the commencement of the hearing the answer may be amended with the consent of and upon such terms as the Commissioner may require.

**§1121. Same: Intervention.** Prior to the opening of any hearing any person having a valid interest in the

proceeding and desiring to intervene in any proceeding or hearing shall file with the Commissioner a motion in writing setting out the grounds upon which such person claims to be interested in such proceeding, and the extent of such interest. The Commissioner, if good cause is shown, may permit such person to intervene, appeal and be heard in the hearing.

**§1122. Same: Motions.** The Commissioner shall rule upon all motions made prior to the commencement of the hearing. The Commissioner shall rule upon all motions made during the hearing.

**§1123. Same: Consolidation or Severance.** Whenever the Commissioner deems it necessary in order to effectuate the purposes of the law, he may, at any time after a complaint is filed, order that such complaint or any other proceeding which may have been instituted in respect thereto:

(a) Be consolidated for the purpose of hearing or for any other purpose with any other proceeding which may have been filed with the Office of the Commissioner.

(b) Be severed from any other proceeding with which it may have been consolidated.

**§1124. Same: Prehearing Conferences.** The Commissioner may hold prehearing conferences for the settlement or simplification of the issues. In such conference will be considered the issues to be heard, the position of each party, the simplification of proof, the exchange of exhibits and all other matters which may be of help to the final disposition of the case. The Commissioner shall prepare a report containing the matters agreed upon, which will control the subsequent course of the proceedings.

**§1125. Same: Hearings.** Hearings shall be held before the Commissioner or Deputy Commissioner.

Any person in the proceeding shall have the right to appear at such hearing in person or by counsel. Such person will have the right to call, examine and cross-examine witnesses, and to introduce into the record documentary or other evidence. Formal rules of

pleading or evidence need not be observed in the hearing. In any such proceeding stipulations of facts may be introduced in evidence with respect to any issue. Any objection with respect to conduct of the hearing, including any objection to the introduction of evidence, may be stated orally or in writing accompanied by a short statement of the grounds of such objection and included in the record. Any of the parties shall be entitled, upon request made at or before the close of the hearing, to file a brief with the Commissioner, who may fix the time for such filing. In the discretion of the Commissioner the hearing may be continued from day to day, or adjourned to a later date or to a different place, by announcement thereof at the hearing by the Commissioner or by other appropriate notice. The Commissioner may, at any time prior to the service of his Order upon appropriate notice to the parties, direct that the hearing be reopened.

**§1126. Same: Contemptuous Conduct.** It shall be sufficient reason for exclusion from the hearing for any person to engage in disorderly, disrespectful or contemptuous conduct before the Commissioner

**§1127. Same: Record.** The Commissioner shall keep a true and concise record of the proceeding of the hearings.

**§1128. Same: Order.** Within ten (10) days after the termination of the hearing the Commissioner shall make his order thereon. Such order shall contain his findings of facts and conclusions of law, it shall set forth the action taken and the effective date of such action. A copy of such order shall be sent to each person to whom notice of the hearing was given.

**§1129. Same: Duties and Powers of the Commissioner Representing the Complainant.** It shall be the duty of the Commissioner to inquire fully into the facts as to whether the Respondent has engaged in or is engaging in any violation, set forth in the complaint, of the Insurance Law of Guam or its regulations. For this purpose the Commissioner shall have the power to call, examine and cross-examine witnesses and to introduce into the record documentary or other evidence. It shall be the duty of

the Commissioner to represent the public policy of the statute in the hearing.

**§1130. Same: Witnesses and Subpoenas.** (a) Witnesses shall be examined orally under oath or affirmation except that for good cause shown the Commissioner may permit their testimony to be taken outside the hearing by deposition under oath. Any such deposition shall be taken in accordance with the procedural requirements under the laws of Guam for the taking of depositions.

(b) Applications for the issuance of subpoenas may be filed by any party to the proceedings prior to the hearing with the Office of the Commissioner or during any hearing with the Commissioner. Such applications shall be timely filed before the date of the hearing specifying the name and address of the witnesses and the nature of the facts to be proved and must specify the documents, the production of which is desired, with such particularity as will enable them to be identified for the purpose of production, and the necessity of the issuance of the subpoena.

**§1131. Books of Accounts, Registers and Documents - Required of Domestic Insurers: Legal Authority.** Legal authority cited for requirements that domestic insurer's keep books of accounts, registers and documents, 22 GCA §§12204, 12212 of the Insurance Law.

**§1132. Same: General.** Every domestic insurer shall keep in his main office in Guam in an adequate manner and according to sound methods of accounting, books of accounts for all its operations and transactions. Said books, as well as the contracts, vouchers, records and any other documents shall be handled and arranged so that the financial condition of the company may be readily ascertained and the statements and reports submitted to the Office of the Insurance Commissioner verified at any time.

**§1133. Same: Life and Disability Insurance.** The following shall be an essential part of the accounting system of every domestic life and disability insurer:

(a) An application register that may be formed with the originals of the applications received duly numbered and which shall contain the date and number of the application, name and address of the applicant, age, deposit with application, final action indicating whether approved or denied date and number of the policy and name of the producer.

(b) A register of insureds that may be kept on cards. Each card shall contain, besides the essential information on the insured, and the insurance contract, record of payment of premiums by the insured and loans and interest. The card shall be filed following the numerical order of the policy and shall constitute a permanent record of insureds. The cards of policies in force shall be kept separated from those that have ceased to be active, which may be withdrawn to be kept in the same numerical order. Instead of this register, for industrial life insurance a register of insureds shall be maintained by policy number. This register may consist of the lists of policies issued, reinstated and transferred, lists of policies lapsed, and lists of policies transferred.

(c) An insured's register by alphabetical order, that shall constitute a permanent register. The card shall contain the name of the insured, address, policy number and date of birth. The cards of policies not in force shall be kept separately in the same order. For industrial life insurance this register is not required.

(d) A collection register where all daily premiums received shall be entered, including premiums on automatic loans at the time the loan is granted, and premiums on dividends used for the purchase of additional insurance. The register shall contain the date of entry policy number, insured, how payment is to be made, premiums collected classified into life, disability and annuities premiums on automatic loans, premiums on dividends used for the purchase of additional insurance, partial payments of loans indicating payments to principal and interest, deposits with the application, premiums paid in advance, name of the producer and commission paid. For industrial life insurance this register shall be formed with the agent's reports to the company on premiums collected. These reports shall be kept by their order of dates.

(e) A current accounts book with the general agent, managers and agents, indicating amounts charged, amounts paid and pending balance.

(f) A register of investments containing basic information on each kind of investment necessary to complete the annual statement required by the Commissioner.

(g) A claims register containing the policy number, amount paid, person receiving payment, date of payment and reasons for denial in case the claim has been refused.

(h) A register of dividends paid to insureds which shall be kept by the order of dates on which the dividend is granted.

**§1133. Same: Property, Casualty and Miscellaneous Risks.** The following shall be an essential part of the bookkeeping system of domestic property and casualty insurers:

(a) A copy of every policy issued or an insurance memorandum or an equivalent document stating risks covered, endorsements, insurance limits, rates, premium, percent of coinsurance (when applicable), deductions, and any other related information.

(b) A register of policies issued, that shall be kept separately according to the classification of risks. It shall contain the date of entry, number of the policy, name of the insured, effective date of the policy, term, amount insured or limits, premium and name of the producer. Endorsements bearing payment of additional premium shall be included in this register.

(c) A register of cancelled policies that shall be maintained separately according to the classification of risks. It shall contain the date of entry, policy number, effective date of the policy, number of the credit note, effective date of the cancellation, premium returned, producer and indication whether the cancellation was ordered by the insurer or by the insured.

(d) A register of losses paid and adjustment expenses classified by risks that may be a cash disbursement auxiliary book. Said register shall contain the date of payment, check number, amount paid, person to whom the check is drawn, claim number, losses paid and adjustment expenses.

(e) A register of claims received that shall contain the date of the claim, claim number, kind of risk, claimant, date of occurrence, amount claimed, insured, policy number, estimated reserve, final action, with columns to indicate if paid or not, date of such action, and for any additional information.

(f) A register of premiums of policies in force that may be formed with tabulating machines lists and that shall contain the kind of risks covered, term, date due, premiums of policies in force of the preceding year, net premiums written during the year, reinsurance in force and net premium in force.

(g) A current accounts book with the general agents, managers and agents, indicating the amounts charged, partial payments and balance due.

(h) A register of investments containing such basic information on each kind of investment necessary to complete the annual statement required by the Commissioner.

(i) A register of premiums written that may be formed with tabulating machines lists and that shall contain the policy number, policy year, kind of insurance, premium paid and premium on reserve. This register shall be kept by general agent or agent.

(j) A register of reinsurance ceded and reinsurance assumed. It shall contain the date, the name of the other company involved in the transaction, kind of risk, term, date due expressing the year, month and day and premium ceded or assumed. When applicable, this register may be formed with the copies of the vouchers used in operations of this kind.

**§1135. Books of Accounts, Registers and Documents - Required of General Agents, Managers and Agents Authorized to Countersign Policies:**

**Legal Authority.** Legal authority for requirement that general agents, managers and agents authorized to countersign policies keep books of accounts, registers and documents cited 22 GCA §§12204 and 12212 of the Insurance Law.

**§1136. Same: General.** Every general agent, manager or agent authorized to countersign policies shall keep in his principal office in Guam, in an appropriate form and following approved methods of accounting, books of accounts for all kinds of business and transactions of the company he represents in Guam. These books of accounts, registers, records and files of documents shall be controlled and arranged so that any examination directed by the Insurance Commissioner can be easily executed at any time.

**§1137. Same: Life and Disability Insurance.** The following shall be an essential part of the accounting system of the general agent and manager of life and disability insurers:

(a) An insureds register that shall contain the name of the insured, address and date of birth or age. This register shall also contain basic information on the insurance contract, the record of payment of premiums by the insured, loans, interest and any other information desired. The card shall be filed in the numerical order of the policy and shall constitute a permanent register of insureds. The card of those policies in force shall be kept in file but those of policies no longer in force may be withdrawn and kept, following the same order, in an inactive register. Instead of this register for industrial life insurance, a register of insureds shall be maintained by policy number. This register may consist of the list of policies written, reinstated and transferred, lists of policies lapsed, and lists of policies transferred. The general agent or manager shall keep the records of those insureds that transfer their residence to Guam, as well as those who move out of Guam.

(b) An alphabetical register of insureds that shall constitute a permanent register of insureds. The card shall contain the name and address of the insured, policy number and birth date or age at the time the policy is issued. It shall be kept following the

alphabetical order of the last name of the insureds. The cards corresponding to policies in force shall be kept in file, but those of policies no longer in force may be withdrawn and kept, following the same alphabetical order, in an inactive register. For industrial life insurance this register is not required.

(c) A collections register where all daily premiums received for the company shall be entered, including premiums on automatic loans at the time they are granted, and premiums on dividends used to purchase additional insurance. The register shall contain the date of entry, policy number, name of the insured, how payment is made, premiums collected classified on dividends used to purchase additional insurance, partial payments of loans indicating payments to principal and interest, deposits with the application, premiums paid in advance, name of the producer and commission paid. For industrial life insurance this register may be formed with the reports of the agents to the company on premiums collected. They shall be kept by order of date of the reports.

(d) An application register containing the date and number of the application, name and address of the applicant, age, plan and amount applied for, annual premium, how payment is to be made, amount paid with the application, final action with an indication of whether it was approved or rejected by the company, date and number of the policy and name of the producer.

(e) A register of dividends paid to insureds that may consist of monthly lists of dividends on which credit is granted. Said lists shall be kept by order of dates in which credit for the dividend is taken. There shall also be maintained a separate record of those dividends applied to the purchase of additional insurance or paid-up insurance. The company shall not take credit on this kind of dividends unless it is shown that the corresponding premiums for additional insurance or paid-up insurance were included in the business reports. The lists shall contain the number of the policy, the insured and dividend for which credit is taken.

(f) A register of premiums on automatic loans to insureds that may consist of a list of loans approved during the business month. The lists shall be maintained in the order of dates in which the loans are granted.

(g) A claim register that shall contain the number of the policy, amount insured, amount paid, person to whom payment is made, date of payment, and reason for denial in the case the claim has been rejected.

(h) A subsidiary ledger in which an account with each producer shall be maintained. The ledger shall contain enough columns to indicate the date, policy number, name of the insured, amount insured in new business, and accounting for commissions indicating debits, credits and balances.

**§1138. Same: Property and Casualty Insurance.**

The following shall be an essential part of the accounting system of the general agent, manager and agent authorized to countersign policies of property and casualty insurers:

(a) A copy of every policy issued or an insurance memorandum or an equivalent document stating risks covered, endorsements, insurance limits, rates, premium, percent of coinsurance (when applicable), deductions and any other related information.

(b) A copy of the invoice which shall be numbered and that shall be kept in numerical order and shall constitute a voucher of original entry. The invoice shall contain the date, policy number, name and address of the insured, insurance company, insured amount or limits, covered risk, description of the insured object, policy period, premium charged, name of the producer and commission.

(c) A copy of every credit note, that shall be kept in numerical order and that shall constitute a voucher of original entry. It shall contain the date of the credit note, policy number, name and address of the insured, insurance company, risk and its description, effective date of the policy, effective date of cancellation, premium returned, producer and commission

returned, and indication whether the cancellation was ordered by the insurer or by the insured.

(d) A register of policies issued, that shall be maintained classified by risks and companies. It shall contain the date of entry, policy number, number of the invoice, name of the insured, effective date, term, insured amount, premium, producer and commission. Endorsements bearing payment of additional premium shall be included in this register.

(e) A register of cancelled policies that shall be maintained by classified risks and by companies. It shall contain date of entry, policy number, effective date of the policy, number of the credit note, effective date of the cancellation, premium returned, producer and indication whether the cancellation was ordered by the insurer or by the insured.

(f) A register of binders that shall be kept by companies and that shall contain the number of the binder, name and address of the insured, effective date, term, risk, amount insured or limits, producer and final action indicating the number of the policy issued or premium charged for liquidation, if any.

(g) A loss register that shall contain the number of the claim, policy number, name of the insured, date of occurrence of the loss, losses occurred during the quarter indicating the reserve, amount paid and date of payment. This register shall be added and the amounts fixed in each quarterly period.

(h) The correspondence and records of the general agent, manager and agent authorized to countersign policies.

**§1139. Annual Statement of Insurers.** (a) Legal authority cited for annual statement of insurers, 22 GCA §15504 and §15404 Insurance Law.

(b) The annual statement of insurers shall be prepared in the official forms approved by the National Association of Insurance Commissioners as they may be revised from time to time. The form shall be completed in its entirety in such a manner that the

financial condition and the annual transactions and affairs can be easily determined.

(c) Besides the provisions of Paragraph (b) above, a copy of Insurance Expense Exhibit (Form 12) of the National Association of Insurance Commissioners shall be furnished.

**§1140. Advertisements.** (a) Legal authority cited for advertisements, 22 GCA §§15705 and 15708 Insurance Law.

(b) Every insurer, general agent, agent, broker or solicitor duly authorized by the Commissioner to transact insurance business in Guam, shall send to the Office of the Commissioner a copy of any advertisement published and the form number of any policy advertised. This information shall be submitted within ten (10) days following the date of the first advertisement.

(c) If at any time the Commissioner determines that an advertisement has been disseminated by an insurer, general agent, agent, broker or solicitor in violation of any provision of the Insurance Law in addition to any other penalty that might be imposed, the person or entity responsible for such violation shall be under obligation to publish an advertisement in the same way and manner in which the original advertisement was made, expressly correcting the error

**§1141. Surplus Line Agents and Surplus Line Brokers.** (a) Legal authority cited for surplus line agents and surplus line brokers, 22 GCA §15204 Insurance Law.

(b) General agents and subagents licensed to transact insurance in Guam shall, with prior approval of the Commissioner, have the authority of an authorized surplus line agent or authorized surplus line broker to place surplus lines with unauthorized insurers after the Commissioner has made a determination that such insurance cannot be placed with an authorized insurer at reasonable rates.

**§1142. Deviation From Approved Rates.**

Application for deviation from approved rates will be submitted in writing in duplicate and must include experience, statistical and/or other supporting reasons for the request.

All application for deviation from approved rates must be submitted not later than fifteen (15) days prior to the proposed effective date.

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