

**MINUTES
of the
FIFTH MEETING
of the
INSURANCE NOMINATING COMMITTEE**

**June 26, 2013
Main Conference Room, Regulation and Licensing Department
5200 Oakland NE
Albuquerque, New Mexico**

The Insurance Nominating Committee was called to order by Chris Krahling, chair, on June 26, 2013 at 1:30 p.m. in the Main Conference Room of the Regulation and Licensing Department office at 5200 Oakland NE in Albuquerque.

Present

Chris Krahling, Chair
Norman Becker
Bill Kinyon
Jason Marks
Kevin Martinez
Gabriel Parra
Babette Saenz
Scott Yurcic

Absent

Rep. Zachary J. Cook

Staff

Mark Reynolds, Director, Civil Division, Attorney General's Office
John Yaeger, Assistant Director for Legislative Affairs, Legislative Council Service

Wednesday, June 26

Upon a motion made by Mr. Marks and approved without objection, the agenda was approved.

Upon a motion made by Mr. Marks and approved without objection, the minutes of the June 19, 2013 meeting were approved as submitted.

Appointment of the Superintendent of Insurance

Mr. Krahling reiterated that the committee had an obligation to assure itself that the various candidates for the position of superintendent of insurance were legally qualified. Mr. Krahling noted that candidate John Franchini, in his written responses to questions from the committee, disclosed that his wife was employed by the Independent Insurance Agents of New Mexico, which Mr. Franchini described as a trade association that also operates as an insurance agency. Mr. Krahling said he asked the Attorney General's Office whether Mr. Franchini's wife's employment disqualified him from being appointed superintendent given the restrictions set out

in Laws 2013, Chapter 74.

Mr. Krahlung noted that Mr. Reynolds was present and was prepared to advise the committee of the Attorney General Office's advice.

Upon a motion made by Mr. Marks and approved without objection, the committee waived its attorney-client privilege with regard to Mr. Reynolds's briefing and the memorandum on the subject prepared by the Attorney General's Office. A copy of the memorandum dated June 25, 2013 addressed to Mr. Krahlung from Sally Malavé, an assistant attorney general, was distributed to members of the public present at the meeting and is attached to the original of these minutes.

Mr. Reynolds said it was the conclusion of the Attorney General's Office that Ms. Franchini's employment likely constituted a "direct financial interest" in an "insurance agency" and, therefore, Mr. Franchini would likely be disqualified from serving as superintendent of insurance under the provisions of Laws 2013, Chapter 74.

In response to a question from Mr. Krahlung, Mr. Franchini stated that his wife would end her employment with the Independent Insurance Agents of New Mexico prior to July 1, 2013 if Mr. Franchini were appointed superintendent.

Mr. Kinyon moved and Mr. Marks seconded that, pursuant to Article 11, Section 20 of the Constitution of New Mexico and Laws 2013, Chapter 74, John Franchini be appointed to the position of superintendent of insurance for a term commencing July 1, 2013. The motion was approved 8-0.

Mr. Franchini thanked the committee for its confidence and promised a continuing dialogue with the committee.

Reports Expected from the Committee

Mr. Krahlung noted that under the law the superintendent is to report to the committee annually and suggested that more frequent reports on various topics would be warranted. Following a discussion and upon a motion made by Mr. Marks and approved without objection, the committee agreed to receive quarterly reports from the superintendent in a format to be agreed upon by the chair and the superintendent, with the understanding that the committee would convene to receive, at a minimum, the first two quarterly reports in person.

Recommended Legislation

Mr. Krahlung noted that the practical experience of the committee's work had revealed a number of areas in which the legislation creating the Office of Superintendent of Insurance and separating its functions from the Public Regulation Commission could be improved. Following some discussion, the committee agreed to discuss the issue in more detail at its next meeting.

Concluding Remarks and Next Meeting

Mr. Krahlung noted the committee had fulfilled its duty as it had set out to in an honest, transparent and fair manner. The committee agreed it would next meet in October.

There being no further business, the committee adjourned at approximately 2:30 p.m.