

**DEPARTMENT OF INSURANCE**  
**INSURANCE NOMINATING COMMITTEE**

**January 14, 2016**  
**10:00 a.m.**

**CALL TO ORDER**

A meeting of the Insurance Nominating Committee was called to order on the above date at approximately 10:12 a.m. by Mr. Tom Taylor at the State Capitol building, Room 321, Santa Fe, New Mexico.

Introductions indicated the presence of a quorum as follows:

**Members Present**

Roger Buelow, Chairman  
Michael Hawkes  
Tim Jennings  
Bill Kinyon  
Lisa Farrell Luján  
Angela Romero  
Tom Taylor  
Scott Yurcic

**Members Absent**

Zach Cook

**Staff Liaison Present**

David Barton, General Counsel, Office of the Superintendent of Insurance (OSI)

**Guests Present**

A guest list is on file at the Office of the Superintendent of Insurance.

**2. INTRODUCTION OF MEMBER AND STAFF**

The Committee members introduced themselves to the group.

**3. BOARD CHAIR SELECTION**

### **a. Presentation by Candidates and board questions and comments**

Member Taylor commented that the required process eliminates eligibility for about 99% of the citizens of New Mexico for consideration as the Superintendent of Insurance. He asked the candidate, Mr. Roger Buelow, to provide information about himself to the Committee.

Mr. Buelow said he has lived here since 1969, after being transferred by his employer, Safeco Insurance and worked here for two and a half years in charge of the claims office in Albuquerque and then was hired by Mountain States Mutual Casualty Company for 38 years until he retired five years ago. He started as an adjuster in the industry and finished as a Vice President working with insurance departments here and in other states.

His duties with Mountain States included lobbying the legislature here and in Colorado and occasionally in Washington, DC. He was also in charge of licensing in various states including New Mexico, Colorado, Texas, and Arizona as the company expanded through that time. Senator Anderson was the company's founder.

Mr. Buelow said he is married and raised his family here. His wife is a retired Registered Nurse. He has no insurance company connections any more. He was an expert witness and consultant in lawsuits for insurance companies in the past. Usually it was to help people understand coverages. Throughout his career, he was in property and casualty and had little experience with life and health although Mountain States dealt with workers' compensation so he has some knowledge of that.

Member Taylor explained that there are eight positions on this Committee. It is bipartisan with appointments from the Legislature evenly balanced from both parties. The Committee needs someone with appropriate qualifications to serve as its Chair who is sage and spiritual leader and tie-breaker.

### **b. Board discussion and selection of Chairman**

Member Taylor asked the members to ask questions and when ready to move forward, he would entertain a motion.

Member Jennings noted that everyone involved in insurance in this room seems to have property and casualty experience but very little experience in life and health. Property and Casualty seems to be going fine but we have problems in health care. Here in New Mexico our health insurance offerings are substandard in his opinion. So he asked Mr. Buelow if he has enough knowledge to lead this Committee in a direction that will help people get insured.

Mr. Buelow said that is a difficult question to address. Health is going through a crisis now as Property and Casualty did about twenty years ago. There is uncertainty that is created by federal controls over the health insurance market at this point. He has attempted, as an interested person, to follow the developments that have taken place.

One of the difficulties in the health insurance business in New Mexico is the State has a small population and he didn't believe there are any truly local health insurance providers of any significance other than Presbyterian which is local but has other affiliates elsewhere. The State Exchange that has been developed has tried to answer that question and develop an adequate source of coverage for New Mexico citizens. He said he is certainly open to learning more but won't tell the Committee that he knows how to approach the health care issues or problems here in New Mexico. He knows how insurance operates in the industry to be of some value to the Committee and help for the Department of Insurance in resolving problems.

Member Taylor said this Committee is to select a new Superintendent and the purpose we have is to be as apolitical as possible with expertise in selecting a Superintendent. Obviously it includes health. It is a complicated industry. So he thought the importance the Committee has here is to have someone with as much knowledge of insurance as possible. It is a narrow field. Not many agents do both kinds of insurance because they are distinctly different. The Committee's job is to put together a team to do the best job in selecting a Superintendent of Insurance.

Member Luján asked, "given the difficulty of finding an individual in New Mexico who meets the requirements, ... and given your experience and not having a depth of experience in health, how would you approach getting that additional expertise to guide the Committee and work with the legislature?"

Mr. Buelow said a Superintendent is selected based on his or her experience and qualifications and should be the ultimate goal. If there is an issue regarding specifics in any line of insurance, there are always sources of expertise that can be tapped to educate members of the Committee or to assist the Superintendent. "In my experience lobbying here and other locations, the right solution is not always arrived at the first time out. But there are a lot of resources in the industry to assist in understanding problems."

Member Luján asked if he would have resources available for evaluation criteria, acting as a Chair in the process of selection and how to approach that.

Mr. Buelow said if the Superintendent needs assistance in any realm of insurance, there are many resources that would be willing to help. They have in the past.

Member Romero asked what changes he would like to see made to the process.

Mr. Buelow said the role of the Superintendent of Insurance in New Mexico or anywhere else, is to assist the consumer and to protect the insurance companies from

being forced into financial difficulty. The Health Insurance companies have had problems with that. It is important to protect them so the Superintendent must ensure that the companies are financially sound. The other role is to educate the public and keep the companies informed; to regulate them without abusing the public or any investment sources they use.

Currently, he believed, from his sources of information, that the OSI is doing very well right now – increasing their professionalism and handling each aspect of their jobs which are important functions of the OSI. New Mexico has made great strides recently.

Member Hawkes said the Chairman will serve this Committee. He asked if Mr. Buelow could share experience as a board chairman and how he would handle interruptions and keeping a concerted effort to focus on the task.

Mr. Buelow said he served as Chair of the Better Business Bureau of the Southwest; Chair of the Board of Governors of the New Mexico Property Insurance Program and chair of other groups. “I try to follow Robert’s Rules of Order and keep decorum. And to allow everyone to have an opportunity to express their point of view.

Member Hawkes said as the chair, he would have to be aware of the structure of OSI. Several tasks involve investigations. He asked Mr. Buelow if he had reviewed the Organization Chart.

Mr. Buelow said he has looked at it.

Member Hawkes asked if there were any issues that arise that might be hard.

Mr. Buelow said he has investigation in his background. He investigated with a company that did business investigations and they got a lot of skip locates. While in Chicago he did that and enjoyed it very much. He also has a credit investigation background so he understands their operation.

Member Romero asked how he would propose to ensure the Committee is being accountable.

Mr. Buelow said he understood there is a quarterly review and if issues arose, he thought that would be a reasonable approach and if it requires additional information, he could help make that available to this Board of OSI.

Member Jennings said his concern was with the ability to get information to solve problems. He thought Health is the biggest one to deal with. It is not the ability to know every answer. What is needed is solutions on both sides of the industry. The Committee members do not have much experience in healthcare and that is where the problem is. So the Committee members will have to bone up and become experts in that as well.

Member Kinyon said he has a 40-year experience with Property and Casualty but pointed out that almost all independent agents have to deal with health, as well. A high percentage and they specifically talked about health being a big problem. It is not like problems in Property and Casualty. Most of them know how to handle those matters.

Member Taylor said the Committee now needs to make a decision either to extend the time or to act on it. Insurance was under the auspices of the PRC and we have seen changes in the industry while the Superintendent is getting out from under the PRC. The PRC recognized that it takes a special expertise in the Insurance arena and the OSI has worked hard to take care of that situation. What we have seen is a dual responsibility; first for design of the Office and secondly to improve insurance for New Mexico.

The next process will answer several questions on process. We will form a subcommittee to make sure in our process that the Superintendent has as broad experience as possible.

Member Luján said while she was not always happy with the decisions the Superintendent makes, the complexity might reflect on the surface that it isn't right but underneath that, it works. She did not think the Chair needs to have all that experience. It is about using objective criteria and following the expertise; it is about the depth of knowledge of the Superintendent. To her, it is more about the criteria and the process of the Committee, vs. the evaluation process itself.

**Member Yurcic moved to elect Mr. Buelow as Chair of the Nominating Committee. Member Jennings seconded the motion and the motion passed by unanimous voice vote.**

Chairman Buelow thanked the members for their vote of confidence and he assumed the Chair's seat at the bench.

#### **4. ANNOUNCE THE APPLICATION PROCESS FOR SUPERINTENDENT OF INSURANCE**

##### **a. Direct Staff to advertise the position and develop time line**

Member Taylor briefly explained these two tasks and talked about the "recipe" they used last time as a template. He asked if there was a legal advertising requirement.

Ms. Connie Maestas said there is none but she emphasized that there are only 60 days to finish the job.

Chairman Buelow asked if any candidates had been identified.

Member Kinyon wondered if there might be an opportunity like a CEO in a corporation whose contract is expiring to keep things as they are.

Ms. Maestas said that would have been possible if it had happened before December 31 so now we cannot keep Mr. Franchini. He has resigned and he would have to reapply.

Chairman Buelow asked what process has to be used per statute for selecting a new Superintendent.

Ms. Maestas explained that the statute is silent regarding advertising. It just indicates that it must be done within 60 days. There are no other requirements, not even for an interview.

Member Kinyon asked if the vacancy is from January 1.

Ms. Maestas agreed. It is vacant under the law. She added that the Deputy Superintendent would like to remain. There are very few people who have the qualifications. An expedited process might be called for. By Monday, they could get a public notice on line for this position. She suggested that résumés could be taken until February 15 and the Committee could meet again the first or second week of March to have interviews. That would eliminate a meeting to decide who to interview. She did not anticipate a huge number of applicants.

She summarized: to advertise by January 25, keep the time for applications open for three weeks with résumés by February 15, schedule interviews in the 2<sup>nd</sup> or 3<sup>rd</sup> week of March and then meet to appoint the new Superintendent.

Member Taylor said 60 days is March 13. Maybe the Committee could make the appointment on March 10, depending on number of applicants. He suggested March 10 for that meeting.

Member Romero asked how long they should give for each interview.

Member Taylor thought probably an hour. The subcommittee could shorten the list to three candidates to recommend. That would leave the Committee time in the afternoon to finish the appointment.

Ms. Maestas cautioned that if they have a subcommittee that eliminates any applicant, the Committee would have to have another meeting.

Chairman Buelow suggested moving to March 3 or 4. If the applications have to be in by February 15, would that give enough time to review them. And would give the

Committee leeway, if needed.

**b. Select a Sub-Committee to develop interview questions**

Member Hawkes understood with this process there has to be a list of questions to ask and a related scoring matrix. He asked who would develop those questions and matrix and whether there would be a guide for the questions to provide good answers. "We might be cutting ourselves short if that is not set and I might think the answer is correct and Member Romero think it is not."

Ms. Maestas said they could definitely have a 3 or 4-member subcommittee to create interview questions and criteria. But they could not have a subcommittee to eliminate applicants.

Member Yurcic said last time, the Committee qualified the applicants based on the statute. They had six that were interviewing last time.

Member Romero asked if the Committee could reserve one full day and possible a subsequent day. And then they could go into the next day, if needed.

Member Taylor suggested they could see how many were submitted after February 15 and have the subcommittee meet then.

Chairman Buelow suggested that if they must be in by February 15, they could have the subcommittee appointed ahead of time to deal with the questions. He asked if the Committee could meet sometime during the week of February 15 week to review the questions and then have interviews on March 3-4.

Member Romero had a conflict on March 3-4 and suggested meeting earlier.

Chairman Buelow asked if the Committee is in favor of meeting the week of February 15 to clarify questions and decide on appropriate answers with an opportunity to discuss that.

Member Romero asked how long would that last.

Mr. Barton didn't think it would take that long.

Chairman Buelow thought it would be 2-3 hours at most.

Chairman Buelow noted that, since the legislature is in session at that time, the Committee would need to meet elsewhere. The Legislature ends on February 18. The Committee could meet at the Insurance offices in Albuquerque. He explained there are Department of Insurance offices in the Uptown area.

Mr. Barton said there is a conference room there. The Committee has also used CNM facilities on north side of town. Staff can find a place to meet.

Member Jennings wondered if they could meet in the Superintendent's office.

Mr. Barton said CNM has a terrific facility. Or they might meet in the PRC Hearing Room. He assured the Committee that he would find a place to meet.

Chairman Buelow asked if most of the members prefer Albuquerque. The poll indicated most did prefer Albuquerque.

Member Yurcic asked if it is possible to get copies of the questionnaire used last time beforehand so the members can review them and formulate any questions for clarification.

Mr. Barton agreed.

Chairman Buelow asked for volunteers to be the subcommittee dealing with questions.

Members Hawke, Romero and Jennings agreed to serve.

Chairman Buelow asked Member Jennings to chair the subcommittee. "You can set your own schedule as long as they are ready for review by the 16<sup>th</sup>,

Member Taylor suggested meeting in the afternoon on February 16<sup>th</sup>.

Member Yurcic noted the 15<sup>th</sup> is a holiday so he suggested a couple of days later on the 17<sup>th</sup> or 18<sup>th</sup>.

Member Taylor said he was thinking about the afternoon of February 18 in Albuquerque.

Member Romero said she had a conflict and asked about phone presence.

Member Jennings favored the 17<sup>th</sup>.

Member Luján asked about the agenda.

Chairman Buelow said the agenda would be to determine the number of applicants and determine the questions to be asked.

Member Hawkes said they could review the number of applicants to determine the amount of time needed for interviews in March.

Member Jennings said they need to come up with list of questions. Surely they would not need a month to do that, especially if they had the questions asked last time.

Chairman Buelow said the meeting would be to learn more about the questions and to understand them.

Member Romero asked if they could just say if there were four or more applicants it would be a two-day meeting; otherwise a one-day meeting.

Member Romero favored minimizing the number of meetings needed.

Ms. Maestas didn't think the committee needed a meeting in February if they could avoid a rolling quorum.

Member Jennings didn't know why they had to have a list. It would be good to see the list from last time, however. "If we come to the meeting, one person might ask the question in a different way. I would favor open dialogue."

Member Kinyon asked if they had to have a list of questions.

Ms. Maestas said they didn't have to have a list.

Member Taylor pointed out that the Committee does need to make sure they have covered everything that needs to be asked and then anyone can ask whatever questions they want to ask.

Member Kinyon thought maybe they didn't need to have a meeting for that. The members can think about the questions and "subsequent to the 15<sup>th</sup>, when we have a list of candidates it is simply a matter of the Chair circulating those and then we are good to go."

**Member Taylor moved that as a motion (to not have a Committee meeting in February to approve the questions). Member Romero seconded the motion.**

Member Luján suggested that if the Committee does ask from a list of questions that we try to keep other questions to a minimum. She thought it would help to hear the answers but asking the same questions helps the Committee compare the answers of the candidates.

Member Yurcic agreed.

Member Romero asked to suggest the questions they would like asked beforehand.

Member Hawke said if Superintendent Franchini has been through this before, the Committee would have to be cautious about asking him the same questions.

Chairman Buelow said the subcommittee can formulate the questions and circulate them to the members and then the Committee can set the dates in the first or second week of March.

**The motion passed by unanimous voice vote.**

Chairman Buelow asked for a motion on the date for interviews.

**Member Jennings moved to set the interviews on March 10-11. Member Kinyon seconded the motion and it passed by unanimous voice vote.**

**c. Select a Sub-Committee to review applications and create recommendations**

The Committee decided not to establish a sub-committee to review applications and create recommendations.

Member Jennings asked when they could get a copy of the questions from last time.

Mr. Barton said he would send out copies as soon as he got back to the office.

Member Jennings asked when the subcommittee wanted to meet.

Ms. Maestas suggested January 25.

Member Romero was okay with January 25<sup>th</sup> and the 29<sup>th</sup>.

Member Jennings asked about January 29<sup>th</sup>.

The subcommittee agreed to meet on Friday morning, January 29<sup>th</sup>.

Ms. Maestas agreed to send an email regarding the meeting to the subcommittee members and the staff.

Mr. Barton said he would forward the material to the subcommittee.

Ms. Maestas will also send out notes from today.

Chairman Buelow asked who is the keeper of the minutes.

Mr. Barton said his office is the keeper. Ms. Diane Door is the administrative staff for OGC and will keep the minutes and circulate them.

Member Taylor reminded everyone that they need to have an executive session for discussion on candidates and then have a time to offer the position.

Member Kinyon recalled that procedure was shared with the Committee two years ago.

Ms. Maestas clarified the procedure.

## **5. BUSINESS FROM THE FLOOR**

There was no business from the floor.

## **6. ADJOURN**

Having completed the agenda, the meeting was adjourned at 11:36 a.m.