

INSURANCE NOMINATING COMMITTEE
MEETING AGENDA
THURSDAY, MARCH 10, 2016
10:00 A.M.
State Capitol Building, Room 321
409 Old Santa Fe Trail, Santa Fe, New Mexico

1. CALL TO ORDER - Roger Buelow, Chair

A regular meeting of the Insurance Nominating Committee was called to order on the above date at approximately 10:12 a.m. by Mr. Roger Buelow, Chairman, 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
Tim Jennings
Bill Kinyon
Lisa Farrell Luján
Angela Romero
Tom Taylor
Scott Yurcic

Members Absent

Michael Hawkes [excused]
Zach Cook

Staff Liaison Present

David Barton, General Counsel, Office of the Superintendent

Others Present

Rick Word, Governor's Office for Tanya Maestas

2. INTRODUCTION OF COMMITTEE MEMBERS AND STAFF

Members of the OSI Staff introduced themselves.

3. INTRODUCTION OF ATTENDEES

Other in attendance introduced themselves.

4. APPROVAL OF AGENDA

Member Jennings moved to approve the agenda as published. Member Taylor seconded the motion and it passed by unanimous voice vote.

5. APPROVAL OF MINUTES

- **January 14, 2016**

Member Jennings moved to approve the January 14, 2016 minutes as presented. Member Kinyon seconded the motion and it passed by unanimous voice vote.

6. OPEN MEETING RESOLUTION ADOPTION

The Open Meetings Resolution was provided in the packet and attached to these minutes as Exhibit 1.

Member Kinyon moved to adopt the Open Meetings Resolution as presented. Member Romero seconded the motion and it passed by unanimous voice vote.

7. ELECT PERMANENT VICE CHAIR

Member Jennings moved to elect Member Tom Taylor as Vice Chair. Member Kinyon seconded the motion and it passed by unanimous voice vote.

8. HOUSEKEEPING MATTERS

Chairman Buelow said when the Committee goes into executive session the rest of the people will wait outside.

Member Jennings opined that the Committee could do the interview in public.

Chairman Buelow agreed, and after the interview the Committee will discuss the responses and the salary issues.

Mr. Word agreed and explained that the executive session is for discussion only.

9. APPLICANT INTERVIEWS

Chairman Buelow asked Mr. John Franchini, the only applicant, to respond to questions after a statement.

Mr. Franchini thanked the Nominating Committee for their diligent work and was proud that they are following the statutes for the nomination process. It is best to follow those rules of the State in state government.

He didn't realize how much he enjoyed this past 2½ years. The new position has allowed him to respond to the public needs - policy holders, and businesses and can use the rules and policies to protect people. We have had a balance between company and insured. People from out of state have urged everyone to follow the rules.

He is also excited about the future in the OSI. It is a critical time in our state to get policies and procedures done correctly. And across the market, policies can be economical and still have the protections they deserve.

With SB 108, New Mexico can now follow NAIC to completely computerize the Office and save \$8 million for the State. It will be implemented this next year and follow NAIC rules to accomplish licensing. Agents will have to renew their licenses every 2 years and that is an advantage.

Chair Buelow gave an opportunity for members to ask questions.

Member Jennings shared the committee's list of questions with Mr. Franchini and members could add other questions.

In response to the questions, Mr. Franchini shared his experience and qualifications for the Superintendent position and was confident that he knew what the position requires.

Then he addressed the insurance issues that New Mexico faces, including losing providers, issues with providers in Texas serving New Mexico residents, escalating medical costs, lack of adequate resources, especially in rural areas, making ACA work for New Mexicans, regulating pharmaceuticals, prosecuting fraud and violations of the insurance code, the need to rewrite the insurance code, clarifying premium tax processes, and keeping staffing levels where they should be. He stated that poverty is the most emergent problem and affects the insurance market in a negative way. He also described the legal issues with the immunization fund which now have been settled.

The interview was arrested at 11:58 a.m.

10. CLOSED EXECUTIVE SESSION

Pursuant to NMSA 1978, Section 10-15-1.H(2) to discuss limited personnel matters: Superintendent of Insurance and Salary.

Member Taylor moved to go into closed executive session pursuant to NMSA 1978, Section 10-15-1.H(2) for purposes of limited personnel matters. Member Romero seconded the motion and it passed by unanimous roll call vote with Members Romero, Luján, Kinyon Taylor, Jennings and Yurcic voting in the affirmative and none voting against.

Committee went into executive session at 11:59 a.m.

11. RECONVENE IN OPEN SESSION

The Committee returned to open session at 12:20 upon motion, second and unanimous voice vote.

Chairman Buelow announced to the public that during the executive session, no actions were taken and the only matters discussed were the Superintendent position and salary.

12. ACTION CONCERNING SUPERINTENDENT POSITION

Member Taylor moved to appoint John Franchini as Superintendent of Insurance for New Mexico for a 4-year term beginning in January, 2016. Member Kinyon seconded the motion and it passed by unanimous voice vote.

Member Taylor moved to set the Superintendent's salary for 2016 at \$125,000. Member Romero seconded the motion and it passed by unanimous voice vote.

13. BUSINESS FROM THE FLOOR - PUBLIC COMMENT

Mr. Dick Mason, advisory health committee member, congratulated the Committee for their selection. Mr. Franchini manages the balance of consumer and provider very well. He had concerns with the budget of OSI. It is to be funded by the industry. The OSI has had obstacles hiring qualified people through the SPO. Industry funding is really something that should be considered rather than through LFC.

Mr. Jaime Koch gave congratulations on this hire.

14. DISCUSSION OF FUTURE MEETINGS OF THE COMMITTEE

Chairman Buelow suggested a meeting in December when the Superintendent is making the annual report for the Legislature. Other than that, he favored leaving the meeting dates open. If an event arises that needs our attention or a complaint or a problem that we need to discuss, a meeting could be called.

After a brief discussion on the best time to meet, Superintendent Franchini suggested October as a good time to meet.

Member Jennings proposed it be a one-day meeting and perhaps a video conference. It is really important that the Legislature knows the Committee is working with him and it would give time to address any concerns that have arisen and get it fixed and so the Legislature is not surprised with it.

Member Kinyon suggested Ms. Door could set a meeting in October. He said it should be a face to face meeting rather than conferencing.

Mr. Franchini said he would prefer to do it every quarter.

Member Yurcic said he didn't want to miss out on the annual report and it might not be finished by October.

Mr. Franchini thought it could be finished by then.

Mr. Barton reminded them that the Department is always required to present the annual report to the Committee.

15. ADJOURN

Member Taylor moved to adjourn the meeting. Member Romero seconded the motion and it passed by unanimous voice vote.

The meeting was adjourned at 12:40 p.m.