A BILL FOR AN ACT

To further amend section 1007 of title 37 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Law No. 18-20, to eliminate discrepancy between initial and ongoing capital and surplus requirements for captive insurance companies, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

- Section 1. Section 1007 of title 37 of the Code of the 1
- Federated States of Micronesia (Annotated), as amended by Public
- Law No. 18-20, is hereby further amended to read as follows:
- 4 "Section 1007. Minimum Capital and Surplus
- 5 Requirements:
- (1) No captive insurance company shall be [registered 6 7 and | issued a license unless it [has initial paid-in 8 capital of \$1,000,000 and thereafter | maintains a
- 9 minimum capital and surplus of \$100,000;
- (2) Provided however with respect to multiple 11 corporate captive insurance companies the core member
- 12 [captive insurance company] shall maintain [a] minimum
- 13 [paid in] capital and surplus of \$1,000,000 and each
- 14 non-core member [corporate captive insurance company]
- 15 shall maintain [paid in] minimum capital and surplus of
- 16 \$100,000.
- 17 (3) With respect to Class 4 captive insurance
- 18 company, the minimum required capital and surplus [will

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1	be determined based on the type, volume and nature of
2	insurance business being transacted, but shall at a
3	<pre>minimum maintain] is \$5,000,000.</pre>
4	(4) [The] Notwithstanding subsections (1) through (3)
5	of this section, the Commissioner may [prescribe
6	additional] increase the minimum required capital and
7	surplus [based upon] after taking into account the type,
8	volume, and nature of insurance business transacted, and
9	potential risk retained by the captive insurance company.
10	(5) [Capital] Minimum required capital and surplus
11	may be in the form of any
12	combination of the following:
13	(a) cash
14	(b) letter of credit,
15	(c) investments pursuant to section 1013 of thi
16	chapter, or
17	(d) any other security deemed appropriate by the
18	Commissioner."
19	Section 2. This act shall become law upon approval by the
20	President of the Federated States of Micronesia or upon its
21	becoming law without such approval.
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23	Date: 9/18/19 Introduced by: /s/ Florencio S. Harper
24	Florencio S. Harper (by request)
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