

---

---

A BILL FOR AN ACT

To amend chapter 10 of title 37 of the Code of the Federated States of Micronesia (Annotated), as amended, by adding a new section 1017 to allow for licensed captive insurance companies to become dormant, and for other purposes.

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

1           Section 1. Chapter 10 of title 37 of the Code of the  
2 Federated States of Micronesia (Annotated), as amended, is hereby  
3 further amended by adding a new section 1017 to read as follows:

4           “Section 1017. Dormancy.

5                 (1) A Captive Insurance Company that elects to  
6                 temporarily cease conducting insurance business pursuant  
7                 to this chapter may apply to the Commissioner to place  
8                 its insurance license in a dormant status.

9                 (2) While in a dormant status, the Captive Insurance  
10                Company may not transact insurance business, including  
11                the issuance of new contracts of insurance or maintain  
12                any active contracts of insurance or reinsurance in  
13                force.

14                (3) The Captive Insurance Company may continue to pay  
15                claims on any contracts of insurance or reinsurance that  
16                have expired or terminated.

17                (4) While in dormant status:

18                         (a) the requirements of sections 1003(2)(a) and  
19                         1003(3) shall not apply to the Captive Insurance Company

---

1           except that any records of the Captive Insurance Company  
2           must be provided to the Commissioner upon request,

3                   (b) the requirements of section 1010 shall only  
4           apply to the first reports due following the Captive  
5           Insurance Company's placement in dormant status and not  
6           apply thereafter while the Captive Insurance Company  
7           continuously remains n dormant status, and

8                   (c) the Commissioner may elect to defer the  
9           requirements of section 1011 until such time as the  
10          Captive Insurance Company is no longer is a dormant  
11          status.

12                  (5) The Commissioner may grant a waiver to the  
13          requirements of sections 1007, 1008, and 1013 of this  
14          title to a Captive Insurance Company in dormant status  
15          if it can certify to the satisfaction of the  
16          Commissioner that it is not subject to any outstanding  
17          insurance liabilities on any expired or terminated  
18          policies.

19                  (6) A Captive Insurance Company under dormant status  
20          may apply to the Commissioner for reinstatement upon  
21          demonstrating to the Commissioner that it is in full  
22          compliance with all applicable laws and regulations.  
23          The reinstated Captive Insurance Company's first filed  
24          report of its financial conditions and audited financial  
25          statements must include all period of time back to the

1           coverage period of the last filed reports."

2           Section 2. This act shall become law upon approval by the  
3 President of the Federated States of Micronesia or upon its  
4 becoming law without such approval.

5

6 Date: 9/18/20

Introduced by: /s/ Florencio S. Harper  
Florencio S. Harper  
(by request)

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25