FOURTEENTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA

SIXTH SPECIAL SESSION, 2007 C.B. NO. 14-264

A BILL FOR AN ACT

To amend title 37 of the Code of the Federated States of Micronesia, as amended by Public Law No. 14-87, by amending section 307 in order to exempt foreign insurers from certain registration requirements in the event coverage cannot be obtained within the Federated States of Micronesia, and for other purposes.

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

Section 1. Section 307 of title 37 of the Code of the Federated States of Micronesia, as amended by Public Law No. 14-87, is hereby further amended as follows:

"Section 307. Registered Foreign Insurers.

(1) A foreign insurer may be registered by providing the following:

(a) information from the insurer's home supervisory authority that the insurer is solvent and meets all the regulatory requirements in the home jurisdiction and is otherwise in good standing; and a statement from the home supervisory authority that the foreign insurer is approved for transaction of insurance business through an agent in the Federated States of Micronesia; and

(b) posting of a bond, or deposit to an escrow account, in the sum of $100,000, to be withdrawn by the Commissioner upon the occurrence of certain events as stated in the bond or escrow agreement; and

(c) compliance with any requirement, if set forth in Regulations under this Act, that a certain amount of premiums collected on behalf of the insurer are maintained in the Federated States of Micronesia; and

(d) designation of an agent for service of process.

(2) A foreign insurer providing a marine, aviation and transportation policy may be registered without posting the bond required in (1)(b).

(3) The commissioner may grant or deny or cancel registration of a foreign insurer based on these requirements and a review of the foreign insurer in the same manner as a review of an application for a license under this Act.

(4) Notwithstanding the foregoing or the requirements of section 301 hereof, upon submission to the Commissioner by a prospective policy-owner of a written statement attesting to the inability of such policy-owner to obtain insurance coverage of a particular type or in a particular quantity from insurers registered or licensed within the Federated States of Micronesia, or attesting to the ability of such policy-owner to obtain such coverage from registered or licensed insurers only at a cost that renders such insurance impracticable, the Commissioner may, in accordance with regulations which

may be promulgated from time to time by the Insurance Board, waive the registration and bonding requirements of this section with respect to a particular foreign insurer willing to provide such coverage; provided however, that a separate written waiver must be sought with respect to each policy underwritten by that insurer, and if at any time the Commissioner shall determine, in accordance with regulations that my be promulgated from time to time by the Insurance Board, that the number of waivers being sought with respect to a particular insurer indicated that the insurer is in fact conducting a significant insurance business within the Federated States of Micronesia, the Commissioner may revoke in writing any or all waivers previously issued hereunder and the insurer shall in all cases be required to register and post bond as required by this section before any additional policies may be issued or underwritten.

[~~(4)~~] (5) Any person registered as an insurer under this Act, or from whom a waiver shall have been granted pursuant to subsection (4), shall in all cases be deemed and held to be doing business in the Federated States of Micronesia and may be sued upon any cause of action arising under any policy of insurance issued by it and any cause of action under the laws of the Federated

States of Micronesia in the courts of the Federated States of Micronesia."

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

Date: 3/27/07 Introduced by: /s/ Simiram Sipenuk

Simiram Sipenuk
(by request)