



The President
Palikir, Pohnpei
Federated States of Micronesia

PRESIDENTIAL COMM. NO. 16-375
FSM CONGRESS

April 18, 2011

The Honorable Isaac V. Figir
Speaker
16th FSM Congress
Palikir, Pohnpei State, FM 96941



Dear Speaker Figir:

I am pleased to inform the Sixteenth Congress that I have signed to become Public Law No. 16-73, the following congressional act:

Congressional Act No. 16-74, "AN ACT TO AMEND SECTION 1013 OF TITLE 37 OF THE FEDERATED STATES OF MICRONESIA, AS ENACTED BY PUBLIC LAW NO. 14-88, TO ELIMINATE CERTAIN RESTRICTIONS ON A CAPTIVE INSURANCE COMPANY FOR LOANS TO OR INVESTMENTS IN ITS PARENT COMPANY OR AFFILIATES, AND FOR OTHER PURPOSES."

This amendment will hopefully bring flexibility to captive companies that are domiciled in FSM and will attract the formation of more captive companies in view of the competitive advantages offered.

I thank Congress for taking the initiative in passing this act.

With warm personal regards, I remain,

Sincerely,


Manny Mori
President

Enclosures:

xc: Chief Justice, FSM Supreme Court
Secretary, Department of Justice
Director, Office of SBOC
Legislative Counsel, CFSM
Library, CFSM
PIO, FSM



CONGRESS OF THE FEDERATED STATES OF MICRONESIA

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PRESIDENTIAL COMM. NO. 16-375
FSM CONGRESS

Office of the Speaker

April 05, 2011



His Excellency Manny Mori
President
Federated States of Micronesia
Palikir, Pohnpei FM 96941

Dear President Mori:

I have the honor to transmit herewith Congressional Act No. 16-74, "AN ACT TO AMEND SECTION 1013 OF TITLE 37 OF THE FEDERATED STATES OF MICRONESIA, AS ENACTED BY PUBLIC LAW NO. 14-88, TO ELIMINATE CERTAIN RESTRICTIONS ON A CAPTIVE INSURANCE COMPANY FOR LOANS TO OR INVESTMENTS IN ITS PARENT COMPANY OR AFFILIATES, AND FOR OTHER PURPOSES.", which was passed by the Sixteenth Congress of the Federated States of Micronesia, Sixth Special Session, 2011, by a two-thirds vote of all the State delegations as required and as duly certified.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Liwiana Ramon Ioanis".

Liwiana Ramon Ioanis
Chief Clerk, Congress of the
Federated States of Micronesia

Enclosures



PRESIDENTIAL COMM. NO. 16-375
FSM CONGRESS

SIXTEENTH CONGRESS OF THE
FEDERATED STATES OF MICRONESIA
SIXTH SPECIAL SESSION
MARCH 21 - 30, 2011

PUBLIC LAW No. 16-73

An Act

TO AMEND SECTION 1013 OF TITLE 37 OF THE FEDERATED STATES OF MICRONESIA, AS ENACTED BY PUBLIC LAW NO. 14-88, TO ELIMINATE CERTAIN RESTRICTIONS ON A CAPTIVE INSURANCE COMPANY FOR LOANS TO OR INVESTMENTS IN ITS PARENT COMPANY OR AFFILIATES, AND FOR OTHER PURPOSES.

INTRODUCED BY: SENATOR ROGER S. MORI

DATE: MARCH 22, 2011

REFERRED TO: COMMITTEE ON RESOURCES AND DEVELOPMENT

S.C.R. NO. 16-137 – MARCH 28, 2011

FIRST READING: MARCH 28, 2011

SECOND READING: MARCH 29, 2011

Liwiana Ramon Ioanis
Chief Clerk, FSM Congress



Office of the Speaker

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PRESIDENTIAL COMM. NO. 16-375
FSM CONGRESS

ACT NO. 16-74

(CONGRESSIONAL BILL NO. 16-183)

We hereby certify that on March 29 the foregoing act passed Second and Final Reading of the Sixteenth Congress of the Federated States of Micronesia, Sixth Special Session, 2011, by a two-thirds vote of all the State delegations as required under article IX, section 20, of the Constitution of the Federated States of Micronesia.

A handwritten signature in blue ink, appearing to read "Isaac V. Figir".

Isaac V. Figir
Speaker
Congress of the
Federated States of Micronesia

A handwritten signature in blue ink, appearing to read "Liwiana Ramon Ioanis".

Liwiana Ramon Ioanis
Chief Clerk
Congress of the
Federated States of Micronesia

PUBLIC LAW NO. 16-73

AN ACT

To amend section 1013 of title 37 of the Federated States of Micronesia, as enacted by Public Law No. 14-88, to eliminate certain restrictions on a captive insurance company for loans to or investments in its parent company or affiliates, and for other purposes.

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

1 Section 1. Section 1013 of title 37 of the Code of the
2 Federated States of Micronesia, as enacted by Public Law No.
3 14-88, is hereby amended to read as follows:

4 "Section 1013. Legal Investments.

5 (1) Each captive insurance company shall be allowed
6 to invest any of its funds without limitation in any
7 government obligation issued by and backed by the
8 full faith and credit of the Government of the United
9 States of America or the Government of Japan.

10 (2) Each captive insurance company shall be allowed
11 to invest in any type of investment subject to a
12 limitation of 10% of total captive insurance company
13 assets in any one issuer, if that investment is rated
14 by one of the following:

15 (a) Rating and Investment Information, Inc.
16 rating of BBB or higher;

17 (b) Moody's rating of Baa3 or higher;

18 (c) S&P rating of BBB- or higher;

1 (d) Fitch rating of BBB- or higher;

2 (3) Other investments as approved by the Insurance
3 Board;

4 (4) A captive insurance company may make a loan to
5 or an investment in its parent company or affiliates,
6 subject to the approval of the Insurance Board. Any
7 such loan or investment must be evidenced by
8 documentation approved by the Insurance Board. Loans
9 of minimum capital and surplus funds required by
10 section 1007 are prohibited.

11 (5) The Commissioner and Insurance Board may
12 prohibit or limit any investment that threatens the
13 solvency or liquidity of any such captive insurance
14 company."

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PUBLIC LAW NO. 16-73

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

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April 18, 2011

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Manny Mori
Manny Mori
President
Federated States of Micronesia

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