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A BILL FOR AN ACT

To enact a new title 37 of the Code of the Federated States of Micronesia to establish an Insurance Law for the Federated States of Micronesia, and for other purposes.

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

1       Section 1. The Code of the Federated States of Micronesia,  
2 as amended, is hereby further amended by enacting a new title 37  
3 entitled "The Insurance Act of 2002".

4       Section 2. The Code of the Federated States of Micronesia,  
5 as amended, is hereby further amended by enacting a new section  
6 101 of title 37 to read as follows:

7           "Section 101. Declaration of Policy - Public interest.  
8           The business of insurance is one affected by the public  
9           interest, requiring that all persons be actuated in good  
10           faith, abstain from deception and practice honesty and  
11           equity in all insurance matters. The duty of preserving  
12           the integrity of insurance rests with the insurer, its  
13           representatives and the insured."

14       Section 3. The Code of the Federated States of Micronesia,  
15 as amended, is hereby further amended by enacting a new section  
16 102 of title 37 to read as follows:

17           "Section 102. Compliance required. No person shall  
18           transact a business of insurance in the Federated States  
19           of Micronesia without complying with the applicable

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1 provisions of this act and the rules and regulations  
2 promulgated thereunder."

3 Section 4. The Code of the Federated States of Micronesia,  
4 as amended, is hereby further amended by enacting a new section  
5 103 of title 37 to read as follows:

6 "Section 103. Definitions.

7 (1) 'Disability insurance', also referred to as  
8 accident and sickness insurance, is insurance against  
9 bodily injury, disablement, or death by accident, or  
10 accidental means, or the expense thereof; against  
11 disablement or expense resulting from sickness; and  
12 every insurance appertaining thereto.

13 (2) 'General casualty insurance' includes vehicle  
14 insurance as defined in section 4(10), disability  
15 insurance defined in section 4(1) and in addition is  
16 insurance:

17 (a) against legal liability for the death,  
18 injury, or disability of any human being, or from damage  
19 to property;

20 (b) of medical, hospital, surgical, and funeral  
21 benefits to persons injured, irrespective of legal  
22 liability of the insured, when issued with or  
23 supplemental to insurance against legal liability for  
24 the death, injury, or disability of human beings;

25 (c) of the obligation accepted by, imposed upon,

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1           or assumed by employers under law for death,  
2           disablement, or injury to employees;

3                   (d) against loss or damage by burglary, theft,  
4                   larceny, robbery, forgery, fraud, vandalism, malicious  
5                   mischieff, confiscation, or wrongful conversion, disposal  
6                   or concealment, or from any attempt of any of the  
7                   foregoing; also insurance against loss or damage to  
8                   moneys, coins, bullion, securities, notes, drafts,  
9                   acceptances, or any other valuable papers or documents,  
10                  resulting from any cause, except while in the mail;

11                   (e) upon personal effects of individuals, by an  
12                   all-risk type of policy commonly known as the personal  
13                   property floater;

14                   (f) against loss or damage to glass and its  
15                   appurtenances resulting from any cause;

16                   (g) against any liability and loss or damage to  
17                   property resulting from accidents to or explosions of  
18                   boilers, pipes, pressure containers, machinery, or  
19                   apparatus;

20                   (h) against loss of or damage to any property of  
21                   the insured resulting from the ownership, maintenance,  
22                   or use of elevators, except loss or damage by fire;

23                   (i) against loss or damage to any property caused  
24                   by the breakage or leakage of sprinklers, water pipes,  
25                   and containers, or by water entering through leaks or

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1           openings in buildings;

2                   (j) against loss or damage resulting from failure  
3           of debtors to pay their obligations to the insured  
4           (credit insurance);

5                   (k) against loss of or damage to any domesticated  
6           or wild animal resulting from any cause (livestock  
7           insurance);

8                   (l) against loss of or damage to any property of  
9           the insured resulting from collision of any other object  
10          with such property, but not including collision to or by  
11          vessels, craft, piers, or other instrumentalities of  
12          ocean or inland navigation (collision insurance);

13                  (m) against legal liability of the insured, and  
14          against loss, damage, or expense incident to a claim of  
15          such liability, and including any obligation of the  
16          insured to pay medical, hospital, surgical, and funeral  
17          benefits to injured persons, irrespective of legal  
18          liability of the insured, arising out of the death or  
19          injury of any person, or arising out of injury to the  
20          economic interest of any person as the result of  
21          negligence in rendering expert, fiduciary, or  
22          professional service (malpractice insurance); or

23                  (n) against any other kind of loss, damage, or  
24          liability properly the subject of insurance and not  
25          within any other class or classes of insurance as

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1 defined in this act, if such insurance is not contrary  
2 to law or public policy.

3 (3) 'Insurance' is a contract whereby one undertakes  
4 to indemnify another or pay a specified amount upon  
5 determinable contingencies. The following contracts are  
6 not considered to be insurance for the purpose of this  
7 act:

8 (a) a title insurance contract;

9 (b) a bond with respect to which no premium is  
10 charged or paid;

11 (c) a bond or contract or undertaking in the  
12 performance of which the surety has an interest other  
13 than that of surety;

14 (d) a plan or agreement between an employer and  
15 any employee or his representative, individually or  
16 collectively, by the terms of which the employer or the  
17 parties to the plan or agreement agree to contribute to  
18 the cost of nonoccupational disability benefits, medical  
19 attention, treatment, or hospitalization for the  
20 employee or members of his family unless such plan is  
21 underwritten by an insurer as defined in this act; or

22 (e) a prepaid legal service plan other than plans  
23 in which either the group offering the plan or the  
24 person administering the plan is otherwise subject to  
25 this act.

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1           (4) 'Life insurance' is insurance on human lives and  
2           insurance appertaining thereto or connected therewith.  
3           For the purposes of this act the transacting of life  
4           insurance includes the granting of annuities and  
5           endowment benefits; additional benefits in event of  
6           death or dismemberment by accident or accidental means;  
7           additional benefits in event of total and permanent  
8           disability of the insured; and optional modes of  
9           settlement of proceeds.

10           (5) 'Marine and transportation insurance' is:

11           (a) insurance against any and all kinds of loss  
12           of or damage to:

13                   (i) vessels, craft, aircraft, cars,  
14           automobiles, and vehicles of every kind, as well as all  
15           goods, freight, cargoes, merchandise, effects,  
16           disbursement, profits, money, bullion, precious stones,  
17           securities, choses in action, evidences of debt,  
18           valuable papers, bottomry and respondentia, and all  
19           other kinds of property and interests therein, in  
20           respect to, appertaining to, or in connection with any  
21           and all risks or perils of navigation, transit, or  
22           transportation including war risks, or under any seas or  
23           other waters, on land or in the air, or while being  
24           assembled, packed, crated, baled, compressed, or  
25           similarly prepared for shipment or while awaiting the

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1 same or during any delays, storage, transshipment, or  
2 reshipment incident thereto, including marine builder's  
3 risks and all personal property floater risks;

4 (ii) person or to property in connection with  
5 or appertaining to a marine, inland marine, transit, or  
6 transportation insurance, including liability for loss  
7 of or damage to either, arising out of or in connection  
8 with the construction, repair, operation, maintenance,  
9 or use of the subject matter of such insurance (but not  
10 including life insurance or surety bonds nor insurance  
11 against loss by reason of bodily injury to the person  
12 arising out of the ownership, maintenance, or use of  
13 automobiles);

14 (iii) precious stones, jewels, jewelry, gold,  
15 silver, and other precious metals, whether used in  
16 business or trade or otherwise and whether the same be  
17 in course of transportation or otherwise; and

18 (iv) bridges, tunnels, and other  
19 instrumentalities of transportation and communication  
20 (excluding buildings, their furniture and furnishings,  
21 fixed contents and supplies held in storage) unless  
22 fire, tornado, sprinkler leakage, hail, explosion,  
23 earthquake, riot, and civil commotion are the only  
24 hazards to be covered; piers, wharves, docks, and slips,  
25 excluding the risks of fire, tornado, sprinkler leakage,

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1 hail, explosion, earthquake, riot, and civil commotion;  
2 other aids to navigation and transportation, including  
3 dry-docks and marine railways, against all risks.

4 (b) marine protection and indemnity insurance,  
5 meaning insurance against, or against legal liability of  
6 the insured for, loss, damage, or expense arising out  
7 of, or incident to, the ownership, operation,  
8 chartering, maintenance, use, repair or construction of  
9 any vessel, craft, or instrumentality in use in ocean or  
10 inland waterways, including liability of the insured for  
11 personal injury, illness, or death or for loss of or  
12 damage to the property of another person.

13 (6) 'Ocean marine insurance' means insurance:

14 (a) upon vessels, crafts, hulls, and of interests  
15 therein, or with relation thereto;

16 (b) of marine builders' risks, marine war risks,  
17 and contracts of marine protection and indemnity  
18 insurance;

19 (c) of freights and disbursements pertaining to a  
20 subject of insurance coming within this definition; or

21 (d) of personal property and interests therein,  
22 in course of movement into or out of this Nation or  
23 among the islands of this Nation, or in course of  
24 exportation from or importation into any country, or in  
25 course of transportation coastwise, including

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1           transportation by land, water, or air from point of  
2           origin to final destination, in respect to, appertaining  
3           to, or in connection with, any risks or perils of  
4           navigation, transit, or transportation, and while being  
5           prepared for and while awaiting shipment, and during any  
6           delays, storage, transshipment, or reshipment incident  
7           thereto.

8           (7) 'Person' means any individual, company, insurer,  
9           association, organization, group, reciprocal or  
10           interinsurance exchanges, partnership, business, trust,  
11           or corporation.

12           (8) 'Property insurance' is insurance against loss of  
13           or damage to real or personal property of every kind and  
14           any interest therein, from any or all hazard or cause  
15           and against loss consequential upon such loss of or  
16           damage. An inclusion within other defined classes of  
17           insurance of the right to insure against certain  
18           designated perils to real or personal property shall not  
19           be deemed a diminution of the definition of property  
20           insurance.

21           (9) 'Surety insurance' includes:

22                   (a) bail bond insurance, which is a guarantee  
23                   that any person, in or in connection with any  
24                   proceedings in any court, will:

25                           (i) attend in court when required or

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1                    (ii) will obey the orders of judgment of the  
2                    court, as a condition to the release of the person from  
3                    confinement, and the execution of bail bonds for any  
4                    such purpose. The making of property or cash bail does  
5                    not constitute the transacting of bail bond insurance;

6                    (b) insurance, which is insurance guaranteeing  
7                    the fidelity of persons holding positions of public or  
8                    private trust;

9                    (c) guaranteeing the performance of contracts and  
10                   guaranteeing and executing bonds, undertakings, and  
11                   contracts of suretyship; and

12                   (d) indemnifying banks, bankers, brokers,  
13                   financial or moneyed corporations or associations  
14                   against loss resulting from any cause of bills of  
15                   exchange, notes, bonds, securities, evidences of debts,  
16                   deeds, mortgages, warehouse receipts, or other valuable  
17                   papers, documents, money, precious metals, and articles  
18                   made therefrom, jewelry, watches, necklaces, bracelets,  
19                   gems, precious and semi-precious stones, including any  
20                   loss while the same are being transported in armored  
21                   motor vehicles, or by messenger, but not including any  
22                   other risks of transportation navigation; also against  
23                   loss or damage to such insured's premises, or to his  
24                   furnishings, fixtures, equipment, safes, and vaults  
25                   therein, caused by burglary, robbery, theft, vandalism,

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1           or malicious mischief, or any attempt thereat.

2           (10) 'Vehicle insurance' is insurance against loss of  
3           or damage to any land vehicle or aircraft or any draft  
4           or riding animal or to property while contained therein  
5           or thereon or being loaded or unloaded therein or  
6           therefrom, and against any loss, expense or liability  
7           for loss or damage to persons or property resulting from  
8           or incident to ownership, maintenance, or use of any  
9           such vehicle or aircraft or animal. Insurance against  
10           accidental death or accidental injury to individuals  
11           including the named insured while in, entering,  
12           alighting from, adjusting, repairing, cranking, or  
13           caused by being struck by a vehicle, aircraft, or draft  
14           or riding animal, if such insurance is issued as part of  
15           insurance on the vehicle, aircraft, or draft or riding  
16           animal, shall be deemed to be vehicle insurance."

17           Section 5. The Code of the Federated States of Micronesia,  
18           as amended, is hereby further amended by enacting a new section  
19           104 of title 37 to read as follows:

20           "Section 104. Insurance Commissioner.

21           (1) the Secretary of the Department of Resources and  
22           Development shall be the Commissioner of Insurance.

23           (2) the Commissioner of Insurance shall:

24           (a) issue regulations implementing the provisions  
25           of this act, subject to the approval of the President of

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1           the Federated States of Micronesia;

2                   (b) conduct examination and hearings authorized  
3           by this act; and

4                   (c) report to the Congress of the Federated  
5           States of Micronesia and the President of the Federated  
6           States of Micronesia annually on each anniversary of the  
7           effective date of this act on the status of the  
8           insurance industry operating in the Federated States of  
9           Micronesia and on any actions taken pursuant to this  
10           act. He may also include comments or proposed changes  
11           to the insurance act as he deems fit."

12           Section 6. The Code of the Federated States of Micronesia,  
13           as amended, is hereby further amended by enacting a new section  
14           105 of title 37 to read as follows:

15                   "Section 105. Commissioner may delegate. Any power,  
16                   duty or function vested in the Commissioner of Insurance  
17                   by this act may be exercised, discharged, or performed  
18                   by any employee of the Department of Resources and  
19                   Development acting in the name and by the delegated  
20                   authority of the Commissioner."

21           Section 7. The Code of the Federated States of Micronesia,  
22           as amended, is hereby further amended by enacting a new section  
23           106 of title 37 to read as follows:

24                   "Section 106. Copies and certificates as evidence.  
25                   (1) Copies of records or documents in his office

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1           certified to by the Commissioner of Insurance shall be  
2           received as evidence in all courts in the same manner  
3           and to the same effect as if they were the originals.

4           (2) When required for evidence in court, the  
5           Commissioner of Insurance shall furnish his certificate  
6           as to the authority of an insurer or other licensee in  
7           the Federated States of Micronesia on any particular  
8           date, and the court shall receive the certificate in  
9           lieu of the Commissioner's testimony."

10          Section 8. The Code of the Federated States of Micronesia,  
11 as amended, is hereby further amended by enacting a new section  
12 107 of title 37 to read as follows:

13           "Section 107. Examination of insurers.

14           (1) The Commissioner of Insurance may examine the  
15           affairs, transactions, accounts, records, documents, and  
16           assets of each authorized insurer as often as he deems  
17           prudent. He shall so examine each domestic insurer at  
18           least once in every three years.

19           (2) The Commissioner of Insurance shall examine fully  
20           each insurer applying for authority to do business in  
21           the Federated States of Micronesia.

22           (3) In lieu of making his own examination, the  
23           Commissioner of Insurance may accept a full report of  
24           the last recent examination of a foreign or alien  
25           insurer certified to by the insurance supervisory

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1           official of the state, province, or country of  
2           domicile."

3           Section 9. The Code of the Federated States of Micronesia,  
4 as amended, is hereby further amended by enacting a new section  
5 108 of title 37 to read as follows:

6           "Section 108. Examination of agents, managers,  
7           promoters. For the purpose of ascertaining its  
8           condition, or compliance with this act, the Commissioner  
9           may, as often as he deems advisable, examine the  
10           insurance accounts, records, documents, and transactions  
11           of:

12           (1) any insurance general agent, subagent, solicitor,  
13           or adjuster; or

14           (2) any person engaged in or proposing to be engaged  
15           in or assisting in the promotion or formation of a  
16           domestic insurer, or a stock corporation to finance a  
17           domestic mutual insurer or the production of its  
18           business, or a corporation to be attorney-in-fact for a  
19           domestic reciprocal insurer."

20           Section 10. The Code of the Federated States of Micronesia,  
21 as amended, is hereby further amended by enacting a new section  
22 109 of title 37 to read as follows:

23           "Section 109. Access to records; corrections.

24           (1) Every person being examined, its officers,  
25           employees, and representatives shall produce and make

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1 freely accessible to the Commissioner of Insurance the  
2 accounts, records, documents, and files in his  
3 possession or control relating to the subject of the  
4 examination, and shall otherwise facilitate the  
5 examination.

6 (2) If the Commissioner of Insurance finds the  
7 accounts to be inadequate or improperly kept or posted,  
8 he may employ experts to rewrite, post, or balance them  
9 at the expense of the person being examined, if the  
10 person has failed to correct the accounting records  
11 after the Commissioner has given him written notice and  
12 a reasonable opportunity to do so."

13 Section 11. The Code of the Federated States of Micronesia,  
14 as amended, is hereby further amended by enacting a new section  
15 110 of title 37 to read as follows:

16 "Section 110. Examination reports.

17 (1) The Commissioner of Insurance shall make a full  
18 written report of each examination made by him.

19 (2) The report shall be certified by the Commissioner  
20 or by his examiner in charge of the examination, and  
21 shall be filed in the Department of Resources and  
22 Development subject to subsection (3) of this section.

23 (3) The Commissioner shall furnish to the person  
24 examined a copy of the examination report within 90 days  
25 after the execution of the report by the examiner and

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1           not less than 20 days prior to the filing of the report  
2           for public inspection in the department. If the person  
3           so requests in writing within the 20-day period, the  
4           Commissioner shall hold a hearing to consider objections  
5           of the person to the report as proposed, and shall not  
6           so file the report until after the hearing and until  
7           after any modifications in the report deemed necessary  
8           by the Commissioner have been made.

9           (4) The report, when filed for public inspection,  
10          shall be admissible in evidence in any action or  
11          proceeding brought by the Commissioner against the  
12          person examined, or its officers or agents; except, that  
13          the Commissioner or his examiners may at any time  
14          testify and offer other proper evidence as to  
15          information secured during the course of an examination,  
16          whether or not a written report of the examination has  
17          at that time been either made, served, or filed in the  
18          department."

19          Section 12. The Code of the Federated States of Micronesia,  
20          as amended, is hereby further amended by enacting a new section  
21          111 of title 37 to read as follows:

22                 "Section 111. Reports withheld. The Commissioner of  
23                 Insurance may withhold from public inspection any  
24                 examination or investigation report for so long as he  
25                 deems prudent."

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1        Section 13. The Code of the Federated States of Micronesia,  
2 as amended, is hereby further amended by enacting a new section  
3 112 of title 37 to read as follows:

4            "Section 112. Examination expense.

5            (1) Examinations of any insurer coming under this act  
6 made by the Commissioner of Insurance or his examiners  
7 and employees shall, including fees, mileage, and  
8 expense incurred as to witnesses, be at the expense of  
9 the insurer examined.

10           (2) The insurer examined and liable therefore shall  
11 pay to the Commissioner's examiners upon presentation of  
12 an itemized statement thereof, their actual travel  
13 expenses, their reasonable living expense allowance, and  
14 their per diem compensation at a reasonable rate  
15 approved by the Commissioner, incurred on account of the  
16 examination. The Commissioner or his examiners shall  
17 not receive or accept any additional emolument on  
18 account of any examination."

19        Section 14. The Code of the Federated States of Micronesia,  
20 as amended, is hereby further amended by enacting a new section  
21 113 of title 37 to read as follows:

22           "Section 113. Hearings.

23           (1) The Commissioner of Insurance shall hold a hearing  
24 if required by this act. He may hold other hearings as  
25 he deems necessary for such purposes as are within the

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1           scope of this act.

2           (2) The hearing shall be held at a place designated by  
3           the Commissioner and at his discretion, it may be open  
4           to the public.

5           (3) Application for a hearing made to the Commissioner  
6           pursuant to this act shall be in writing, shall specify  
7           in what respect the person so applying was aggrieved and  
8           the grounds to be relied upon as a basis for the relief  
9           to be demanded at the hearing. The Commissioner shall  
10          hold the hearing applied for within thirty (30) days  
11          after his receipt of the application unless postponed by  
12          mutual consent."

13          Section 15. The Code of the Federated States of Micronesia,  
14          as amended, is hereby further amended by enacting a new section  
15          114 of title 37 to read as follows:

16                 "Section 114. Stay of action.

17                 (1) Such demand for a hearing received by the  
18                 Commissioner of Insurance prior to the effective date of  
19                 action taken or proposed to be taken by him shall stay  
20                 the action pending the hearing, except as to action  
21                 taken or proposed:

22                         (a) under an order on hearing;

23                         (b) under an order pursuant to an order on  
24                         hearing; or

25                         (c) under an order to make good an impairment of

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1           the assets of an insurer.

2           (2) In any case where an automatic stay is not  
3           provided for, and if the Commissioner, after written  
4           request therefor, fails to grant a stay, the person  
5           aggrieved thereby may apply to the Trial for a stay of  
6           the Commissioner's action."

7           Section 16. The Code of the Federated States of Micronesia,  
8           as amended, is hereby further amended by enacting a new section  
9           115 of title 37 to read as follows:

10           "Section 115. Procedure.

11           (1) The Commissioner of Insurance shall preside at the  
12           hearing which shall be held in the manner provided in  
13           title 17 of the Code of the Federated States of  
14           Micronesia.

15           (2) A copy of the record of the proceedings shall be  
16           furnished any person affected by the hearing or any  
17           other person upon written request and at the expense of  
18           such person.

19           (3) Upon good cause shown, the Commissioner may permit  
20           any person who has a valid interest in the proceeding to  
21           intervene, appear, and be heard at the hearing.

22           (4) Any person heard shall make full disclosure of  
23           facts pertinent to the subject of inquiry as requested  
24           by the Commissioner or by any person affected by the  
25           hearing."

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1        Section 17. The Code of the Federated States of Micronesia,  
2 as amended, is hereby further amended by enacting a new section  
3 116 of title 37 to read as follows:

4            "Section 116. Witnesses subpoenaed.

5            (1) The Commissioner of Insurance, either on his own  
6 behalf or on behalf of any interested party, may take  
7 depositions, and subpoena witnesses or documentary  
8 evidence. The Commissioner may administer oaths, and  
9 examine under oath any individual relative to the  
10 affairs of any person being examined, or relative to the  
11 subject of any hearing or investigation.

12           (2) The subpoena shall have the same force and effect  
13 and shall be served in the same manner as if issued from  
14 a court of record.

15           (3) Witness fees and mileage, if claimed, shall be  
16 allowed the same as for testimony in a court of record.  
17 Witness fees, mileage, and the actual expense  
18 necessarily incurred in securing attendance of witnesses  
19 and their testimony shall be itemized, and shall be paid  
20 by the person as to whom the examination is being made,  
21 or by the person if other than the Commissioner, at  
22 whose request the hearing is held."

23        Section 18. The Code of the Federated States of Micronesia,  
24 as amended, is hereby further amended by enacting a new section  
25 117 of title 37 to read as follows:

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1           "Section 117. Contempt proceedings. If any individual  
2           fails to obey the subpoena, or obeys the subpoena but  
3           refuses to testify when required concerning any matter  
4           under examination or investigation or the subject of the  
5           hearing, the Commissioner shall file his written report  
6           thereof and proof of service of his subpoena in the  
7           Supreme Court of the Federated States of Micronesia.  
8           Thereupon the Court shall forthwith cause the individual  
9           to be brought before it to show cause why he should not  
10           be held in contempt, and if so held, may punish him as  
11           if the failure or refusal related to a subpoena from or  
12           testimony in that court."

13           Section 19. The Code of the Federated States of Micronesia,  
14           as amended, is hereby further amended by enacting a new section  
15           118 of title 37 to read as follows:

16           "Section 118. Notice of hearing.

17           (1) The Commissioner of Insurance shall, not less than  
18           ten (10) days in advance, give notice to each person to  
19           be affected by the hearing of the matters prescribed in  
20           section 109 of title 17 of the Code of the Federated  
21           States of Micronesia.

22           (2) If the persons to be given notice are not  
23           specified in the provision pursuant to which the hearing  
24           is held, the Commissioner shall give such notice to all  
25           persons directly affected by the hearing."

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1        Section 20. The Code of the Federated States of Micronesia,  
2 as amended, is hereby further amended by enacting a new section  
3 119 of title 37 to read as follows:

4            "Section 119. Show cause notice. If any person is  
5            entitled to a hearing by this act before any proposed  
6            action is taken, the notice of the proposed action may  
7            be in the form of a notice to show cause stating that  
8            the proposed action may be taken unless such person  
9            shows cause, at a hearing to be held as specified in the  
10           notice, why the proposed action should not be taken, and  
11           stating the basis of the proposed action."

12        Section 21. The Code of the Federated States of Micronesia,  
13 as amended, is hereby further amended by enacting a new section  
14 120 of title 37 to read as follows:

15           "Section 120. Adjourned hearing. The Commissioner of  
16           Insurance may adjourn any hearing from time to time and  
17           from place to place without other notice of the  
18           adjourned hearing than announcement thereof at the  
19           hearing."

20        Section 22. The Code of the Federated States of Micronesia,  
21 as amended, is hereby further amended by enacting a new section  
22 121 of title 37 to read as follows:

23           "Section 121. Nonattendance. The validity of any  
24           hearing held in accordance with the notice thereof shall  
25           not be affected by failure of any person to attend or to

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1           remain in attendance."

2           Section 23. The Code of the Federated States of Micronesia,  
3 as amended, is hereby further amended by enacting a new section  
4 122 of title 37 to read as follows:

5           "Section 122. Order on hearing.

6           (1) Within thirty (30) days after the termination of a  
7           hearing the Commissioner of Insurance shall make his  
8           order thereon and shall give a copy of the order to each  
9           person to whom notice of the hearing was given or  
10           required to be given.

11           (2) The order shall contain:

12                   (a) a concise statement of the action taken;

13                   (b) the effective date of the action;

14                   (c) a designation of the provisions of this act  
15           or regulation pursuant to which the action is taken; and

16                   (d) such other matters as may be required by  
17           title 17 of the Code of the Federated States of  
18           Micronesia.

19           (3) An order on hearing may confirm, modify, or  
20           nullify action taken under an existing order, or may  
21           constitute the taking of any new action coming within  
22           the scope of the notice of such hearing."

23           Section 24. The Code of the Federated States of Micronesia,  
24 as amended, is hereby further amended by enacting a new section  
25 123 of title 37 to read as follows:

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1           "Section 123. Appeal from Commissioner's order.

2           (1) Any person aggrieved on account of any official  
3           action or threatened action of the Commissioner of  
4           Insurance, or of the failure to act if such failure is  
5           deemed to constitute an act under this act, may demand a  
6           hearing thereon as provided in section 14 of this act.  
7           Any person aggrieved by any order of the Commissioner,  
8           including any order refusing a hearing, may appeal to  
9           the Trial Division of the Supreme Court of the Federated  
10          States of Micronesia.

11          (2) The appeal must be taken within thirty (30) days  
12          after the order complained of was given by the  
13          Commissioner. If not so taken, the right to appeal from  
14          or restrain action under the order shall conclusively be  
15          deemed to have been waived.

16          (3) For the purpose of this section, persons aggrieved  
17          shall include any person directly or indirectly injured  
18          or threatened with injury on account of any such order  
19          or action whether or not the person was a party to the  
20          proceedings, if any, out of which the order or action  
21          arises."

22          Section 25. The Code of the Federated States of Micronesia,  
23 as amended, is hereby further amended by enacting a new section  
24 124 of title 37 to read as follows:

25          "Section 124. Cost of record on appeal. The cost of

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1           preparing the record on appeal may be included in costs  
2           allowed by the court."

3           Section 26. The Code of the Federated States of Micronesia,  
4 as amended, is hereby further amended by enacting a new section  
5 125 of title 37 to read as follows:

6           "Section 125. Stay of action on appeal.

7           (1) The taking of an appeal shall not stay any action  
8           taken or proposed to be taken by the Commissioner of  
9           Insurance under the order appealed from unless a stay is  
10           granted by the Commissioner or the reviewing court.

11           (2) In granting a stay of action, the Commissioner or  
12           the court shall consider whether the stay would tend to  
13           injure the public interest, and may require of the  
14           person taking the appeal such security or other  
15           conditions as may be deemed proper.

16           (3) If the order appealed from is one suspending,  
17           revoking, or refusing to renew an agent's, broker's,  
18           solicitor's, or adjuster's license, the appellant by  
19           filing a bond with the clerk of the court, subject to  
20           approval of the court, in the sum of \$1,000, conditioned  
21           to pay all costs that may be awarded against him, may,  
22           if filed prior to the effective date of the order,  
23           supersede the order appealed from until the final  
24           determination of the appeal."

25           Section 27. The Code of the Federated States of Micronesia,

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1 as amended, is hereby further amended by enacting a new section  
2 126 of title 37 to read as follows:

3 "Section 126. Hearing the appeal. The court shall give  
4 precedence to and may summarily hear and determine the  
5 appeal. The court shall hear the appeal upon the record  
6 in the manner provided in title 17 of the Code of the  
7 Federated States of Micronesia. Costs shall be awarded  
8 as in civil cases."

9 Section 28. The Code of the Federated States of Micronesia,  
10 as amended, is hereby further amended by enacting a new section  
11 127 of title 37 to read as follows:

12 "Section 127. Appeals to Appellate Division of the  
13 Supreme Court. An appeal may be taken to the Appellate  
14 Division of the Supreme Court of the Federated States of  
15 Micronesia, as in civil actions, from judgments of the  
16 Trial Division made pursuant to any provision of this  
17 act. The appeals shall be advance upon the trial  
18 calendar of the Supreme Court and be heard at the  
19 earliest convenient date."

20 Section 29. This act shall become law upon approval by the  
21 President of the Federated States of Micronesia or upon its  
22 becoming law without such approval.

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24 Date: 6/24/02

Introduced by: /s/ Joseph J. Urusemal  
Joseph J. Urusemal  
(by request)

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