## A BILL FOR AN ACT

To further amend sections 1015 and 1019 of title 37 of the Code of the Federated States of Micronesia (Annotated), as enacted by Public Law No. 18-71, for the purpose of requiring ninety percent (90%) of the tax on all premiums collected from captive insurance companies in a fiscal year to be deposited into the FSM Trust Fund, and for other purposes.

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

- 1 Section 1. Section 1015 of Title 37 of the Code of the
- 2 Federated States of Micronesia (Annotated), as amended, is
- 3 hereby amended to read as follows:
- 4 "Section 1015. Tax on Premium Collected.
- (1) Each captive insurance company shall pay into
  the General Fund of the Federated States of Micronesia
  on or before June 1 each year, a tax on gross premiums
- 8 as follows:
- 9 (a) .05 percent of gross premiums for insurance
  10 written on all risks or property resident, situated or
  11 located within the Federated States of Micronesia, and
  12 on risks and property situated elsewhere upon which no
  13 premium tax is otherwise paid during the year ending
  14 on the preceding March 31, less return premiums and
  15 less any reinsurance accepted;
- (b) the annual maximum aggregate tax on
  premiums to be paid by a captive insurance company

1	calculated under subsection (a) of this section shall
2	be \$20,000.00.
3	(2) Two or more captive insurance companies under
4	common ownership and control shall be taxed, as though
5	they were a single captive insurance company.
6	(a) For the purpose of this section common
7	ownership and control shall mean:
8	(i) in the case of stock corporation, the
9	direct or indirect ownership of 80 percent or more of
10	the outstanding voting stock of two or more
11	corporation by the same shareholder or shareholders;
12	and
13	(ii) in the case of mutual corporation, the
14	direct or indirect ownership of 80 percent or more of
15	the surplus and the voting power of two or more
16	corporations by the same member or members.
17	(3) Annually, [ten percent of] the premium tax
18	revenues collected pursuant to this section shall be
19	transferred as follows:
20	(a) Ten percent or \$150,000, whichever is
21	greater, shall be transferred to the Insurance Board
22	for the regulation of captive insurance companies
23	under this chapter[. Any fund derived hereunder shall
24	$\frac{be}{and}$ deposited in the revolving fund established
25	under Section 1017; and

1	(b) Ninety percent, or the amount remaining
2	after the transfer under subsection (a) of this
3	section, shall be transferred to the FSM Trust Fund.
4	(4) The tax provided for in this section shall be
5	calculated on an annual basis, notwithstanding
6	policies or contracts of insurance or contracts or
7	reinsurance issued on a multiyear basis. In the case
8	of multiyear policies or contracts, the premium shall
9	be prorated for purposes of determining the tax under
10	this section."
11	Section 2. Section 1019 of Title 37 of the Code of the
12	Federated States of Micronesia (Annotated), as enacted by
13	Public Law No. 18-71, is hereby amended to read as follows:
14	"Section 1019. The revolving fund shall hold all fees
15	collected under section 1003(3) and funds derived
16	under section 1015(3)(a)."
17	Section 3. This act shall become law upon approval by the
18	President of the Federated States of Micronesia or upon its
19	becoming law without such approval.
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21	Date: 9/26/18 Introduced by: /s/ Isaac V. Figir
22	Isaac V. Figir
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