



*The President*  
*Palikir, Pohnpei*  
*Federated States of Micronesia*

December 23, 2019

The Honorable Wesley W. Simina  
Speaker  
Twenty-First Congress  
Federated States of Micronesia  
Palikir, Pohnpei FM 96941

PRESIDENTIAL COMM. NO. 21-172  
FSM CONGRESS

Dear Speaker Simina:

I am pleased to transmit the following Act, which I have signed into Public Law No. 21-65:

Congressional Act No. 21-69, entitled: "AN ACT TO FURTHER AMEND TITLE 37 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA (ANNOTATED), AS AMENDED, BY AMENDING SECTION 1003 THEREOF, AS AMENDED BY PUBLIC LAW NO. 18-71, TO PROVIDE THAT CAPTIVE INSURANCE LICENSING IS UNDER THE AUTHORITY OF THE INSURANCE COMMISSIONER; BY ENACTING A NEW SECTION 1003A TO PROVIDE THAT AN APPLICATION FOR CAPTIVE INSURANCE IS DEEMED APPROVED IF THE APPLICATION IS NEITHER APPROVED NOR DENIED WITHIN 30 DAYS OF ITS RECEIPT BY THE COMMISSIONER; BY AMENDING SECTION 1008 THEREOF, TO PROVIDE THAT THE PAYMENT OF CAPTIVE INSURANCE COMPANY DIVIDENDS IS UNDER THE AUTHORITY OF THE INSURANCE COMMISSIONER; BY ENACTING A NEW SECTION 1008A, TO PROVIDE THAT A DIVIDEND PROPOSAL IS DEEMED APPROVED IF THE PROPOSAL IS NEITHER APPROVED NOR DENIED WITHIN 30 DAYS OF RECEIPT OF THE PROPOSAL BY THE COMMISSIONER; BY AMENDING SECTION 1013 THEREOF, TO PROVIDE THAT LEGAL INVESTMENT APPROVALS ARE UNDER THE AUTHORITY OF THE INSURANCE COMMISSIONER; BY ENACTING A NEW SECTION 1013A, TO PROVIDE THAT A LOAN OR INVESTMENT PROPOSAL IS DEEMED APPROVED IF THE PROPOSAL IS NEITHER APPROVED NOR DENIED WITHIN 30 DAYS OF RECEIPT OF THE PROPOSAL BY THE COMMISSIONER; BY ENACTING A NEW SECTION 1016A, TO PROVIDE THAT A BUSINESS PLAN CHANGE IS DEEMED APPROVED IF THE CHANGE IS NEITHER APPROVED NOR DENIED WITHIN 30 DAYS OF RECEIPT OF THE PROPOSED CHANGE BY THE COMMISSIONER; AND FOR OTHER PURPOSES."

I take this opportunity to express my personal appreciation to the 21<sup>st</sup> Congress for the passage of this act.  
Thank you.

Sincerely,

David W. Panuelo  
President



Xc: Chief Justice, FSM Supreme Court



CONGRESS OF THE FEDERATED STATES OF MICRONESIA

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Office of the Chief Clerk

December 06, 2019

PRESIDENTIAL COMM. NO. 21-172  
FSM CONGRESS

His Excellency David W. Panuelo  
President  
Federated States of Micronesia  
Palikir, Pohnpei FM 96941

RECEIVED  
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Office of the  
President FSM

Dear President Panuelo:

I have the honor to transmit herewith Congressional Act No. 21-69, "AN ACT TO FURTHER AMEND TITLE 37 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA (ANNOTATED), AS AMENDED, BY AMENDING SECTION 1003 THEREOF, AS AMENDED BY PUBLIC LAW NO. 18-71, TO PROVIDE THAT CAPTIVE INSURANCE LICENSING IS UNDER THE AUTHORITY OF THE INSURANCE COMMISSIONER; BY ENACTING A NEW SECTION 1003A TO PROVIDE THAT AN APPLICATION FOR CAPTIVE INSURANCE IS DEEMED APPROVED IF THE APPLICATION IS NEITHER APPROVED NOR DENIED WITHIN 30 DAYS OF ITS RECEIPT BY THE COMMISSIONER; BY AMENDING SECTION 1008 THEREOF, TO PROVIDE THAT THE PAYMENT OF CAPTIVE INSURANCE COMPANY DIVIDENDS IS UNDER THE AUTHORITY OF THE INSURANCE COMMISSIONER; BY ENACTING A NEW SECTION 1008A, TO PROVIDE THAT A DIVIDEND PROPOSAL IS DEEMED APPROVED IF THE PROPOSAL IS NEITHER APPROVED NOR DENIED WITHIN 30 DAYS OF RECEIPT OF THE PROPOSAL BY THE COMMISSIONER; BY AMENDING SECTION 1013 THEREOF, TO PROVIDE THAT LEGAL INVESTMENT APPROVALS ARE UNDER THE AUTHORITY OF THE INSURANCE COMMISSIONER; BY ENACTING A NEW SECTION 1013A, TO PROVIDE THAT A LOAN OR INVESTMENT PROPOSAL IS DEEMED APPROVED IF THE PROPOSAL IS NEITHER APPROVED NOR DENIED WITHIN 30 DAYS OF RECEIPT OF THE PROPOSAL BY THE COMMISSIONER; BY ENACTING A NEW SECTION 1016A, TO PROVIDE THAT A BUSINESS PLAN CHANGE IS DEEMED APPROVED IF THE CHANGE IS NEITHER APPROVED NOR DENIED WITHIN 30 DAYS OF RECEIPT OF THE PROPOSED CHANGE BY THE COMMISSIONER; AND FOR OTHER PURPOSES.", which was passed by the Twenty-First Congress of the Federated States of Micronesia, Third Special Session, 2019, by a two-thirds vote of all the State delegations as required and as duly certified.

Sincerely yours,

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

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

Enclosures





PRESIDENTIAL COMM. NO. 21-172  
FSM CONGRESS

TWENTY-FIRST CONGRESS OF THE  
FEDERATED STATES OF MICRONESIA  
THIRD SPECIAL SESSION  
NOVEMBER 25 – DECEMBER 4, 2019

PUBLIC LAW No. 21- 65

## An Act

TO FURTHER AMEND TITLE 37 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA (ANNOTATED), AS AMENDED, BY AMENDING SECTION 1003 THEREOF, AS AMENDED BY PUBLIC LAW NO. 18-71, TO PROVIDE THAT CAPTIVE INSURANCE LICENSING IS UNDER THE AUTHORITY OF THE INSURANCE COMMISSIONER; BY ENACTING A NEW SECTION 1003A TO PROVIDE THAT AN APPLICATION FOR CAPTIVE INSURANCE IS DEEMED APPROVED IF THE APPLICATION IS NEITHER APPROVED NOR DENIED WITHIN 30 DAYS OF ITS RECEIPT BY THE COMMISSIONER; BY AMENDING SECTION 1008 THEREOF, TO PROVIDE THAT THE PAYMENT OF CAPTIVE INSURANCE COMPANY DIVIDENDS IS UNDER THE AUTHORITY OF THE INSURANCE COMMISSIONER; BY ENACTING A NEW SECTION 1008A, TO PROVIDE THAT A DIVIDEND PROPOSAL IS DEEMED APPROVED IF THE PROPOSAL IS NEITHER APPROVED NOR DENIED WITHIN 30 DAYS OF RECEIPT OF THE PROPOSAL BY THE COMMISSIONER; BY AMENDING SECTION 1013 THEREOF, TO PROVIDE THAT LEGAL INVESTMENT APPROVALS ARE UNDER THE AUTHORITY OF THE INSURANCE COMMISSIONER; BY ENACTING A NEW SECTION 1013A, TO PROVIDE THAT A LOAN OR INVESTMENT PROPOSAL IS DEEMED APPROVED IF THE PROPOSAL IS NEITHER APPROVED NOR DENIED WITHIN 30 DAYS OF RECEIPT OF THE PROPOSAL BY THE COMMISSIONER; BY ENACTING A NEW SECTION 1016A, TO PROVIDE THAT A BUSINESS PLAN CHANGE IS DEEMED APPROVED IF THE CHANGE IS NEITHER APPROVED NOR DENIED WITHIN 30 DAYS OF RECEIPT OF THE PROPOSED CHANGE BY THE COMMISSIONER; AND FOR OTHER PURPOSES.

INTRODUCED BY SENATOR: ISAAC V. FIGIR

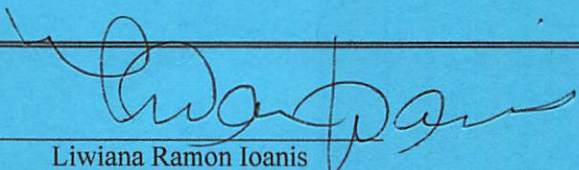
DATE: NOVEMBER 26, 2019

REFERRED TO: COMMITTEE ON RESOURCES AND DEVELOPMENT

S.C.R. NO. 21-34 – DECEMBER 2, 2019

FIRST READING: – DECEMBER 4, 2019

SECOND READING: – DECEMBER 4, 2019

  
Liwiana Ramon Ioanis  
Chief Clerk, FSM Congress

PUBLIC LAW No. 21- 65





Office of the Speaker

CONGRESS OF THE FEDERATED STATES OF MICRONESIA

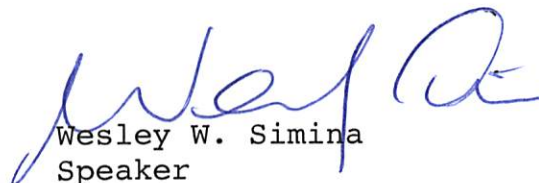
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PRESIDENTIAL COMM. NO. 21-172  
FSM CONGRESS

ACT NO. 21-69

(CONGRESSIONAL BILL NO. 21-95, C.D.1, C.D.2)

We hereby certify that on December 4 the foregoing act passed  
Second and Final Reading of the Twenty-First Congress of the  
Federated States of Micronesia, Third Special Session, 2019, 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.

  
Wesley W. Simina  
Speaker  
Congress of the  
Federated States of Micronesia



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

AN ACT

To further amend title 37 of the Code of the Federated States of Micronesia (Annotated), as amended, by amending section 1003 thereof, as amended by Public Law No. 18-71, to provide that captive insurance licensing is under the authority of the Insurance Commissioner; by enacting a new section 1003A to provide that an application for captive insurance is deemed approved if the application is neither approved nor denied within 30 days of its receipt by the Commissioner; by amending section 1008 thereof, to provide that the payment of captive insurance company dividends is under the authority of the Insurance Commissioner; by enacting a new section 1008A, to provide that a dividend proposal is deemed approved if the proposal is neither approved nor denied within 30 days of receipt of the proposal by the Commissioner; by amending section 1013 thereof, to provide that legal investment approvals are under the authority of the Insurance Commissioner; by enacting a new section 1013A, to provide that a loan or investment proposal is deemed approved if the proposal is neither approved nor denied within 30 days of receipt of the proposal by the Commissioner; by enacting a new section 1016A, to provide that a business plan change is deemed approved if the change is neither approved nor denied within 30 days of receipt of the proposed change by the Commissioner; and for other purposes.

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

1           Section 1.   Section 1003 of title 37 of the Code of the  
2   Federated States of Micronesia (Annotated), as amended by Public  
3   Law No. 18-71, is hereby further amended to read as follows:  
4           "Section 1003.   Captive Insurance Company Licensing and  
5           Captive Insurance Manager's Licensing.   The Commissioner  
6           may issue two types of licenses with respect to the  
7           captive insurance companies pursuant to subsection 1-5  
8           below; the other for business entities which engage in  
9           the business of managing captive insurance companies  
10          pursuant to subsection 6-9 below.

1           (1) Captive insurance companies shall be licensed in  
2           accordance with Chapter 3 of this title; PROVIDED,  
3           HOWEVER, that the Commissioner, in lieu of the Insurance  
4           Board, is hereby authorized to review and approve or  
5           reject a captive insurance company license application  
6           pursuant to sections 302, 303, and 304, and this  
7           chapter.

8           (2) In considering whether to licensed a captive  
9           insurance company under this chapter, the Commissioner  
10          shall consider the following factors:

11           (a) Principal office and principal  
12          representatives;

13                   (i) The principal office shall maintain a  
14          principal place of business within the Federated  
15          States of Micronesia;

16                   (ii) appoint a principal representative that  
17          shall be approved by the Commissioner;

18                   (iii) hold an annual board of directors  
19          meeting in the Federated States of Micronesia. In  
20          meeting the quorum requirements for this annual board  
21          meeting, only the principal representative is required  
22          to be physically present in the Federated States of  
23          Micronesia. The remainder of the quorum may be  
24          present via telephone;

25                   (iv) the captive insurance company shall

1 maintain in its principal office accurate documents in  
2 English of the insurance business and accounting for  
3 examination by the Commissioner.

4 (b) Application documents: the captive  
5 insurance company shall file the following documents  
6 with its application for an insurance license with the  
7 Commissioner:

8 (i) the amount and liquidity of its assets  
9 relative to the risks to be assumed;

10 (ii) the adequacy of the expertise,  
11 experience and character of the person or persons who  
12 will manage it;

13 (iii) the overall soundness of its loss plan  
14 of operation;

15 (iv) the adequacy of the loss prevention  
16 programs of its insured; and

17 (v) such other factors deemed relevant by  
18 the Commissioner in ascertaining whether the proposed  
19 captive insurance company will be able to meet its  
20 policy obligations.

21 (3) Fee schedule.

22 (a) Each captive insurance company shall pay a  
23 nonrefundable fee of \$500 for examining,  
24 investigating, and processing its application for  
25 licensing, and the Commissioner is authorized to

1 retain legal, financial and examination services, the  
2 reasonable cost of which may be charged against the  
3 applicant.

4 (b) In addition, each captive insurance company  
5 receiving a license from the Commissioner shall pay a  
6 license fee of \$500 for the year of registration or  
7 licensure due within thirty 30 days after registration  
8 or licensure, and a yearly or annual fee of \$500 due  
9 on or before the registration or licensure day and  
10 month every year for each year thereafter. Such fees  
11 shall be deposited into a revolving fund established  
12 under Section 1017.

13 (4) Licensing. If the Commissioner is satisfied  
14 that the documents filed by the captive insurance  
15 company comply with this title, the Commissioner shall  
16 grant a license authorizing it to transact insurance  
17 business in the Federated States of Micronesia. The  
18 license shall be valid until terminated by surrender,  
19 suspension, revocation, or failure to comply with law.

20 (5) No captive insurance company licensed under this  
21 chapter shall be allowed to insure the risks of  
22 individual citizens of the Federated States of  
23 Micronesia.

24 (6) The Insurance Commissioner is authorized to  
25 issue a captive insurance manager's license, which may



1           be signed by the Insurance Commissioner or the  
2           Commissioner's authorized designee, and shall issue  
3           the same to any applicant that:

4                 (a) has in its bona fide employment a person  
5           who is a current member in good standing of an  
6           accounting or insurance related professional body or  
7           association; or,

8                 (b) has in its bona fide employment a person  
9           that has minimum of five years experience in the  
10          captive management field.

11          (7) The applicant shall be issued a captive  
12          insurance manager's license by the Insurance  
13          Commissioner upon compliance with subsection (6) above  
14          without regard to:

15                 (a) whether the applicant has or has not  
16          applied for a license with a captive insurance  
17          company; or,

18                 (b) whether the applicant is or is not  
19          currently managing domestic captive insurance company.

20          (8) The captive insurance manager's license grants  
21          the captive insurance manager the authority to work  
22          with or manage:

23                 (a) any person or entity intending to form a  
24          captive insurance company in the Federated States of  
25          Micronesia; or,

1 (b) any domestic captive insurance company  
2 licensed by the Insurance Board.

3 (9) The captive insurance manager's license shall be  
4 effective for a period of five years from the date of  
5 issuance."

6 Section 2. Title 37 of the Code of the Federated States of  
7 Micronesia (Annotated), as amended, is hereby further amended by  
8 enacting a new section 1003A to read as follows:

9 "Section 1003A. Captive Insurance Company Applications  
10 - Approval.

11 An application for a captive insurance company license  
12 submitted in accordance with chapter 3 and section 1003  
13 of this title shall be deemed approved if the  
14 application is neither approved nor denied within 30 days  
15 of receipt of the application by the Insurance  
16 Commissioner."

17 Section 3. Section 1008 of title 37 of the Code of the  
18 Federated States of Micronesia (Annotated), is hereby amended to  
19 read as follows:

20 "Section 1008. Dividends. No captive insurance  
21 company may pay a dividend out of, or otherwise  
22 distribution with respect to, capital or surplus  
23 without the prior approval of the Commissioner. A  
24 captive insurance company may submit to the  
25 Commissioner for approval an ongoing plan for the

1           payment of dividends, or other distributions, which  
2           will take into account the retention at the time of  
3           each payment, and capital or surplus in excess of  
4           amounts specified by, or determined in accordance with,  
5           formulas approved by the Commissioner."

6           Section 4. Title 37 of the Code of the Federated States of  
7 Micronesia (Annotated), as amended, is hereby further amended by  
8 enacting a new section 1008A to read as follows:

9           "Section 1008A. Dividends — Approval.

10          A dividend proposed in accordance with section 1008 of  
11          this title shall be deemed approved if the dividend  
12          proposal is neither approved nor denied within 30 days  
13          of receipt of the proposal by the Commissioner."

14          Section 5. Section 1013 of title 37 of the Code of the  
15 Federated States of Micronesia (Annotated) is hereby amended to  
16 read as follows:

17          "Section 1013. Legal Investments.

18               (1) Each captive insurance company shall be allowed  
19               to invest any of its funds without limitation in any  
20               government obligation issued by and backed by the full  
21               faith and credit of the Government of the United States  
22               of America or the Government of Japan.

23               (2) Each captive insurance company shall be allowed  
24               to invest in any type of investment subject to a  
25               limitation of ten percent of total captive insurance



1 company assets in any one issuer, if that investment is  
2 rated by one of the following:

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

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

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

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

8 (3) Other investments as approved by the  
9 Commissioner;

10 (4) A captive insurance company may make a loan to or  
11 an investment in its parent company or affiliates,  
12 subject to the approval of the Commissioner. Any such  
13 loan or investment must be evidenced by documentation  
14 approved by the Commissioner. Loans of minimum capital  
15 and surplus funds required by section 1007 of this  
16 chapter are prohibited.

17 (5) The Commissioner may prohibit or limit any  
18 investment that threatens the solvency or liquidity of  
19 any such captive insurance company."

20 Section 6. Title 37 of the Code of the Federated States of  
21 Micronesia (Annotated), as amended, is hereby further amended by  
22 enacting a new section 1013A to read as follows:

23 "Section 1013A. Loans and Investments – Approval.

24 A loan or investment proposed in accordance with section  
25 1013 of this title shall be deemed approved if the loan

or investment is neither approved nor denied within 30 days of receipt of the proposal by the Commissioner."

Section 7. Title 37 of the Code of the Federated States of Micronesia (Annotated), as amended, is hereby further amended by enacting a new section 1016A to read as follows:

"Section 1016A. Business Plan Changes – Approval.

A business plan change proposed in accordance with regulations established or amended pursuant to section 1016 of this title shall be deemed approved if the business plan change is neither approved nor denied within 30 days of receipt of the proposed change by the Commissioner."

Section 8. This act shall become law upon approval by the President of the Federated States of Micronesia or upon its becoming law without such approval.

Dec 23, 2019



David W. Panuelo  
President  
Federated States of Micronesia