A BILL FOR AN ACT

To amend Public Law No. 21-199 to correct a technical error in the numbering of the new section created by Public Law No. 21-199, and for other purposes.

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

Section 1. Purpose. The purpose of this Act is to correct a technical error in the numbering of the new section created by Public Law No. 21-199.

Section 2. Section 1 of Public Law No. 21-199 is hereby amended to read as follows:

“Section 1. Chapter 10 of title 37 of the Code of the Federated States of Micronesia (Annotated), as amended, is hereby further amended by adding a new section [1017] 1021 to read as follows:

'Section [1017] 1021. Dormancy.

(1) A Captive Insurance Company that elects to temporarily cease conducting insurance business pursuant to this chapter may apply to the Commissioner to place its insurance license in a dormant status.

(2) While in a dormant status, the Captive Insurance Company may not transact insurance business, including the issuance
of new contracts of insurance or maintain
any active contracts of insurance or
maintain any active contracts of insurance
or reinsurance in force.

(3) The Captive Insurance Company may continue
to pay claims on any contracts of insurance
or reinsurance that have expired or
terminated.

(4) While in dormant status:

(a) the requirements of sections
1003(2)(a) and 1003(3) shall not apply
to the Captive Insurance Company
except that any records of the Captive
Insurance Company must be provided to
the Commissioner upon request;

(b) the requirements of section 1010 shall
only apply to the first reports due
following the Captive Insurance
Company’s placement in dormant status
and not apply thereafter while the
Captive Insurance Company continuously
remains in dormant status; and

(c) the Commissioner may elect to defer
the requirements of section 1011 until
such time as the Captive Insurance
Company is no longer in a dormant status.

(5) The Commissioner may grant a waiver to the requirements of sections 1007, 1008, and 1013 of the title to a Captive Insurance Company in dormant status if it can certify to the satisfaction of the Commissioner that it is not subject to any outstanding insurance liabilities on any expired or terminated policies.

(6) A Captive Insurance Company under dormant status may apply to the Commissioner for reinstatement upon demonstrating to the Commissioner that it is in full compliance with all applicable laws and regulations. The reinstated Captive Insurance Company’s first filed report of its financial conditions and audited financial statements must include all period of time back to the coverage period of the last filed reports.'
Section 3. 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: 3/5/21

Introduced by: /s/ Wesley W. Simina
Wesley W. Simina