A BILL FOR AN ACT

To further amend section 1007 of title 37 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Law No. 18-20, to eliminate discrepancy between initial and ongoing capital and surplus requirements for captive insurance companies, and for other purposes.

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

Section 1. Section 1007 of title 37 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Law No. 18-20, is hereby further amended to read as follows:

"Section 1007. Minimum Capital and Surplus Requirements:

(1) No captive insurance company shall be registered and issued a license unless it has initial paid-in capital of $1,000,000 and thereafter maintains a minimum capital and surplus of $100,000;

(2) Provided however with respect to multiple corporate captive insurance companies the core member captive insurance company shall maintain a minimum paid-in capital and surplus of $1,000,000 and each non-core member corporate captive insurance company shall maintain paid-in minimum capital and surplus of $100,000.

(3) With respect to Class 4 captive insurance company, the minimum required capital and surplus [will
be determined based on the type, volume and nature of insurance business being transacted, but shall at a minimum maintain] is $5,000,000.

(4) [The] Notwithstanding subsections (1) through (3) of this section, the Commissioner may prescribe additional] increase the minimum required capital and surplus [based upon] after taking into account the type, volume, and nature of insurance business transacted, and potential risk retained by the captive insurance company.

(5) [Capital] Minimum required capital and surplus may be in the form of any combination of the following:

(a) cash
(b) letter of credit,
(c) investments pursuant to section 1013 of this chapter, or
(d) any other security deemed appropriate by the Commissioner."

Section 2. 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: 9/18/19  Introduced by: /s/ Florencio S. Harper
Florencio S. Harper (by request)