AN ACT

To amend chapter 10 of title 37 of the Code of the Federated States of Micronesia (Annotated), as amended, by adding a new section 1017 to allow for licensed captive insurance companies to become dormant, and for other purposes.

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

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

   “Section 1017. 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 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 this 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 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.

November 5, 2020

/s/ David W. Panuelo
David W. Panuelo
President
Federated States of Micronesia