
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.

5 (1) Each captive insurance company shall pay into
6 the General Fund of the Federated States of Micronesia
7 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;

16 (b) the annual maximum aggregate tax on
17 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 ~~be~~] and deposited in the revolving fund established
25 under Section 1017; and

