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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:

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

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

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

11           'Section [~~1017~~] 1021. Dormancy.

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

17           (2) While in a dormant status, the Captive  
18 Insurance Company may not transact  
19 insurance business, including the issuance

1 of new contracts of insurance or maintain  
2 any active contracts of insurance or  
3 maintain any active contracts of insurance  
4 or reinsurance in force.

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

9 (4) While in dormant status:

10 (a) the requirements of sections  
11 1003(2)(a) and 1003(3) shall not apply  
12 to the Captive Insurance Company  
13 except that any records of the Captive  
14 Insurance Company must be provided to  
15 the Commissioner upon request;

16 (b) the requirements of section 1010 shall  
17 only apply to the first reports due  
18 following the Captive Insurance  
19 Company's placement in dormant status  
20 and not apply thereafter while the  
21 Captive Insurance Company continuously  
22 remains in dormant status; and

23 (c) the Commissioner may elect to defer  
24 the requirements of section 1011 until  
25 such time as the Captive Insurance

1                   Company is no longer in a dormant  
2                   status.

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

11          (6) A Captive Insurance Company under dormant  
12          status may apply to the Commissioner for  
13          reinstatement upon demonstrating to the  
14          Commissioner that it is in full compliance  
15          with all applicable laws and regulations.  
16          The reinstated Captive Insurance Company's  
17          first filed report of its financial  
18          conditions and audited financial statements  
19          must include all period of time back to the  
20          coverage period of the last filed  
21          reports.'"

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1           Section 3. This act shall become law upon approval by the  
2 President of the Federated States of Micronesia or upon its  
3 becoming law without such approval.

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5 Date: 3/5/21

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

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