

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:

4 “Section 1017. Dormancy.

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

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

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

17 (4) While in dormant status:

18 (a) the requirements of sections 1003(2)(a) and
19 1003(3) shall not apply to the Captive Insurance Company

1 except that any records of the Captive Insurance Company
2 must be provided to the Commissioner upon request,

3 (b) the requirements of section 1010 shall only
4 apply to the first reports due following the Captive
5 Insurance Company's placement in dormant status and not
6 apply thereafter while the Captive Insurance Company
7 continuously remains n dormant status, and

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

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

19 (6) A Captive Insurance Company under dormant status
20 may apply to the Commissioner for reinstatement upon
21 demonstrating to the Commissioner that it is in full
22 compliance with all applicable laws and regulations.
23 The reinstated Captive Insurance Company's first filed
24 report of its financial conditions and audited financial
25 statements must include all period of time back to the

1 coverage period of the last filed reports.”

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

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November 5, 2020

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/s/ David W. Panuelo

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David W. Panuelo

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President

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Federated States of Micronesia

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