

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 correct a  
2 technical error in the numbering of the new section created by  
3 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 of the  
7 Federated States of Micronesia (Annotated), as amended,  
8 is hereby further amended by adding a new section 1021  
9 to read as follows:

10          'Section 1021. Dormancy.

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

15           (2) While in a dormant status, the Captive Insurance  
16 Company may not transact insurance business, including  
17 the issuance of new contracts of insurance or maintain  
18 any active contracts of insurance or maintain any active  
19 contracts of insurance or reinsurance in force.

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

4           (4) While in dormant status:

5                   (a) the requirements of sections 1003(2)(a) and  
6                   1003(3) shall not apply to the Captive Insurance Company  
7                   except that any records of the Captive Insurance Company  
8                   must be provided to the Commissioner upon request;

9                   (b) the requirements of section 1010 shall only  
10                  apply to the first reports due following the Captive  
11                  Insurance Company's placement in dormant status and not  
12                  apply thereafter while the Captive Insurance Company  
13                  continuously remains in dormant status; and

14                  (c) the Commissioner may elect to defer the  
15                  requirements of section 1011 until such time as the  
16                  Captive Insurance Company is no longer in a dormant  
17                  status.

18           (5) The Commissioner may grant a waiver to the  
19           requirements of sections 1007, 1008, and 1013 of the  
20           title to a Captive Insurance Company in dormant status  
21           if it can certify to the satisfaction of the  
22           Commissioner that it is not subject to any outstanding  
23           insurance liabilities on any expired or terminated  
24           policies.

1           (6) A Captive Insurance Company under dormant status  
2           may apply to the Commissioner for reinstatement upon  
3           demonstrating to the Commissioner that it is in full  
4           compliance with all applicable laws and regulations.  
5           The reinstated Captive Insurance Company's first filed  
6           report of its financial conditions and audited financial  
7           statements must include all period of time back to the  
8           coverage period of the last filed reports.'"

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

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May 27<sup>th</sup> \_\_\_\_\_, 2021

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