



*The President*  
*Palikir, Pohnpei*  
*Federated States of Micronesia*

November 5<sup>th</sup> 2020

The Honorable Wesley W. Simina  
Speaker  
Twenty-First Congress  
Federated States of Micronesia  
Palikir, Pohnpei FM 96941

Dear Speaker Simina:

I am pleased to transmit the following Congressional Act, which I have signed to become Public Law No. 21-199:

Congressional Act No. 21-204, entitled: "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."

Thank you.

Sincerely,

A handwritten signature in dark ink, appearing to read "David W. Panuelo", written over a series of horizontal lines.

David W. Panuelo  
President

xc: Chief Justice, FSM Supreme Court



Office of the Chief Clerk

CONGRESS OF THE FEDERATED STATES OF MICRONESIA

P.O. Box PS 3

Palikir, Sokehs Pohnpei State, FM 96941

Tel: (691) 320-2324 / 2338 Fax: (691) 320-5122

October 07, 2020

RECEIVED  
OCT 7 2020  
Office of the  
President FSM

His Excellency David W. Panuelo  
President  
Federated States of Micronesia  
Palikir, Pohnpei FM 96941

Dear President Panuelo:

I have the honor to transmit herewith Congressional Act No. 21-204, "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", which was passed by the Twenty-First Congress of the Federated States of Micronesia, Fifth Regular Session, 2020, by a two-thirds vote of all the State delegations as required and as duly certified.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Liwiana Ramon Ioanis", with a long horizontal line extending to the right.

Liwiana Ramon Ioanis  
Chief Clerk, Congress of the  
Federated States of Micronesia

Enclosures



TWENTY-FIRST CONGRESS OF THE  
FEDERATED STATES OF MICRONESIA  
FIFTH REGULAR SESSION  
SEPTEMBER 14 – OCTOBER 3, 2020

---

---

## 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.

---

---

INTRODUCED BY SENATOR: FLORENCIO S. HARPER (BY REQUEST)

DATE: SEPTEMBER 18, 2020

---

---

REFERRED TO: COMMITTEE ON RESOURCES AND DEVELOPMENT

S.C.R. NO. 21-69 – SEPTEMBER 30, 2020

FIRST READING: – OCTOBER 01, 2020

SECOND READING: – OCTOBER 02, 2020

---

---

A handwritten signature in black ink, appearing to read "Liwiana Ramon Ioanis", is written over a horizontal line.

Liwiana Ramon Ioanis  
Chief Clerk, FSM Congress



Office of the Speaker

**CONGRESS OF THE FEDERATED STATES OF MICRONESIA**

P.O. Box PS 3 Palikir, Sokehs

Pohnpei State, FM 96941

Tel: (691) 320-2324 / 2338

Fax: (691) 320-5122

ACT NO. 21-204

(CONGRESSIONAL BILL NO. 21-299)

We hereby certify that on October 2 the foregoing act passed Second and Final Reading of the Twenty-First Congress of the Federated States of Micronesia, Fifth Regular Session, 2020, by a two-thirds vote of all the State delegations as required under article IX, section 20, of the Constitution of the Federated States of Micronesia.

A handwritten signature in black ink, appearing to be "W. Simina", written over a faint circular stamp.

Wesley W. Simina  
Speaker  
Congress of the  
Federated States of Micronesia

A handwritten signature in black ink, appearing to be "Liwiana Ramon Ioanis", written over a faint circular stamp.

Liwiana Ramon Ioanis  
Chief Clerk  
Congress of the  
Federated States of Micronesia

---

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.

5

6

7

Nov 5<sup>th</sup>, 2020

8

9

10



11

12

David W. Panuelo  
President  
Federated States of Micronesia

13

14

15

16

17

18

19

20

21

22

23

24

25