

AN ACT

To further amend section 1007 of title 37 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Law No. 18-20, to eliminate discrepancy between initial and ongoing capital and surplus requirements for captive insurance companies, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

1           Section 1. Section 1007 of title 37 of the Code of the  
2 Federated States of Micronesia (Annotated), as amended by Public  
3 Law No. 18-20, is hereby further amended to read as follows:

4                   "Section 1007. Minimum Capital and Surplus  
5                   Requirements:

6                   (1) No captive insurance company shall be issued a  
7 license unless it maintains a minimum capital and  
8 surplus of \$100,000;

9                   (2) Provided however with respect to multiple  
10 corporate captive insurance companies the core member  
11 shall maintain minimum capital and surplus of \$1,000,000  
12 and each non-core member shall maintain minimum capital  
13 and surplus of \$100,000.

14                   (3) With respect to Class 4 captive insurance  
15 company, the minimum required capital and surplus is  
16 \$5,000,000.

17                   (4) Notwithstanding subsections (1) through (3) of  
18 this section, the Commissioner may increase the minimum

1           required capital and surplus after taking into account  
2           the type, volume, and nature of insurance business  
3           transacted, and potential risk retained by the captive  
4           insurance company.

5           (5) Minimum required capital and surplus may be in  
6           the form of any combination of the following:

7                   (a) cash

8                   (b) letter of credit,

9                   (c) investments pursuant to section 1013 of this  
10           chapter, or

11                   (d) any other security deemed appropriate by the  
12           Commissioner."

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

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\_\_\_\_\_ October 19, 2019

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/s/ David W. Panuelo

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David W. Panuelo  
President

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Federated States of Micronesia

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