

# FEDERATED STATES OF MICRONESIA INSURANCE BOARD



## 2025 ANNUAL REPORT



## **FSM INSURANCE BOARD**

### **Physical Address**

Varner-Boylan Building No.1, Suite 2A  
Pohn Umpomp Place  
Nett, Pohnpei

### **Mailing Address**

P.O. Box K-2980  
Pohnpei, FM 96941

Telephone: (691) 320-3423/5426

Email: [info@fsminsuranceboard.com](mailto:info@fsminsuranceboard.com)

Website: <https://www.fsminsuranceboard.com>

## Table of Contents

|  |           |
|--|-----------|
| <b>EXECUTIVE SUMMARY .....</b>   | <b>2</b>  |
| <b>ESTABLISHMENT OF THE FSMIB.....</b>   | <b>2</b>  |
| <b>PRINCIPAL PURPOSES.....</b>   | <b>2</b>  |
| <b>VISION.....</b>   | <b>3</b>  |
| <b>MISSION.....</b>  | <b>3</b>  |
| EXHIBIT 1: FSMIB ORGANIZATIONAL.....   | 3         |
| EXHIBIT 2: FUNCTIONAL CHARTS OF THE FSMIB.....   | 4         |
| <b>THE FSM INSURANCE SYSTEM .....</b>  | <b>4</b>  |
| CONVENTIONAL INSURANCE .....   | 4         |
| EXHIBIT 3: CONVENTIONAL INSURANCE PARTICIPANTS.....                                    | 5         |
| EXHIBIT 4: AUTHORIZED LINES OF BUSINESS .....  | 5         |
| EXHIBIT 5: INSURANCE AGENTS.....   | 6         |
| EXHIBIT 6: INSURANCE BROKERS.....  | 7         |
| EXHIBIT 7: FINANCIAL PERFORMANCE-REGULAR LIFE INS. INDUSTRY.....                       | 7         |
| EXHIBIT 8: FINANCIAL PERFORMANCE OF THE REGULAR LIFE NON-LIFE INSURANCE INDUSTRY ..... | 8         |
| EXHIBIT 9: EARNED COMMISSION FOR INSURANCE INTERMEDIARIES.....                         | 8         |
| CAPTIVE INSURANCE.....   | 8         |
| EXHIBIT 10: LICENSED & ACTIVE CAPTIVE INSURANCE COMPANIES.....                         | 9         |
| EXHIBIT 11: FINANCIAL HIGHLIGHTS - CAPTIVE INSURANCE INDUSTRY.....                     | 10        |
| <b>ACTIVITIES OF THE INSURANCE BOARD.....</b>  | <b>11</b> |
| <b>OVERVIEW OF THE FSMIB'S FY25 OPERATIONAL BUDGET AND RF .....</b>                    | <b>12</b> |
| GENERAL FUND (OPERATIONAL BUDGET).....   | 12        |
| EXHIBIT 12: GENERAL FUNDS APPROVED BUDGET VS. ACTUAL.....                              | 12        |
| REVOLVING FUND (RF) .....  | 12        |
| EXHIBIT 13: FSMIB REVOLVING FUND FINANCIAL ACTIVITIES.....                             | 13        |

## EXECUTIVE SUMMARY

The 2025 Annual Report (“Report”) is prepared by the Office of the FSM Insurance Board (“FSMIB”) as required by Section 205 of the Insurance Act of 2006 or Title 37 of the Code of the Federated States of Micronesia (“Title 37 of the FSMC”). This Report contains information and data on the general condition and status of the insurance system in the Federated States of Micronesia (“FSM”) and other important matters covering insurance and key activities that were performed and accomplished during the year ending December 31, 2025.

In the FSM, there are two types of insurance that are currently available in the financial market, which are: regular or conventional insurance and captive insurance. In the following pages, this Report provides the condition and performance of these two sectors, based on information and data submitted to the FSMIB by the insurance companies for the periods ending December 31, 2025, and December 31, 2024, respectively.

The insurance system is an important component of the overall financial sector in the FSM. Insurance supports a stable economy and society by providing:

1. Financial protection for insured individuals, businesses, and other organizations against potential losses from unforeseen or unexpected events;
2. Employment opportunities for local professionals needed to deliver, service, and administer insurance products; and
3. Direct and indirect local taxes and fees generated by insurance companies and their service providers.

The Report is available to the public through the office website at [www.fsminsuranceboard.com](http://www.fsminsuranceboard.com). Hard copies are also available at the FSMIB office located at the Varner-Boylan Building, Suite 21A, Pohn Umpomp Place, Nett, Pohnpei State.

## ESTABLISHMENT OF THE FSMIB

The FSMIB is a regulatory agency of the FSM National Government with three board members, insurance commissioner and five employees, as shown in *Exhibit 1*. It was established in 2006 by Public Law 14-66. In 2006, the FSM Insurance Act of 2006 was amended to include legislation for captive insurance. Pursuant to Title 37 of the FSMC as amended, the FSMIB oversees and regulates two types of insurance - regular insurance and captive insurance. The FSMIB implements Title 37 of the FSMC, as indicated briefly in *Exhibit 2*.

## PRINCIPAL PURPOSES

The principal purposes or mandates of the FSMIB as specified under Section 204 of Title 37 of the FSMC shall be:

1. To regulate insurance business;
2. To undertake the licensing and supervision of insurers, insurance agents, insurance solicitors and insurance brokers;
3. To protect the interests of policy owners; and
4. To promote the soundness, stability, and development of the insurance system in the FSM.

## VISION

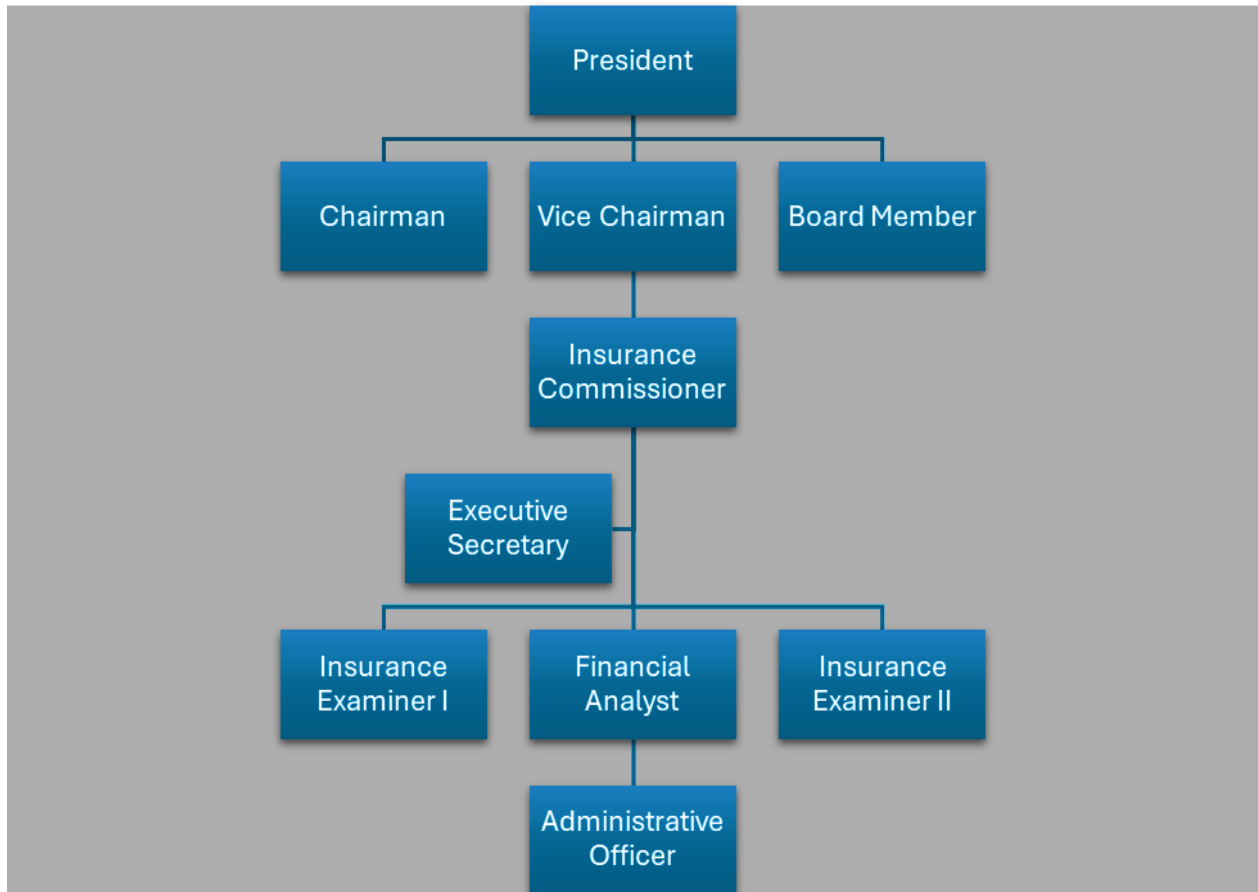
The Office of the Insurance Board of the Federated States of Micronesia seeks to be a fair regulator of the business of insurance, to protect our citizens, and to support the commercial and economic growth of our nation by ensuring a stable, sound and healthy FSM insurance market system that is consistent with acceptable and prudent principles for the insuring public, insurers and intermediaries.

## MISSION

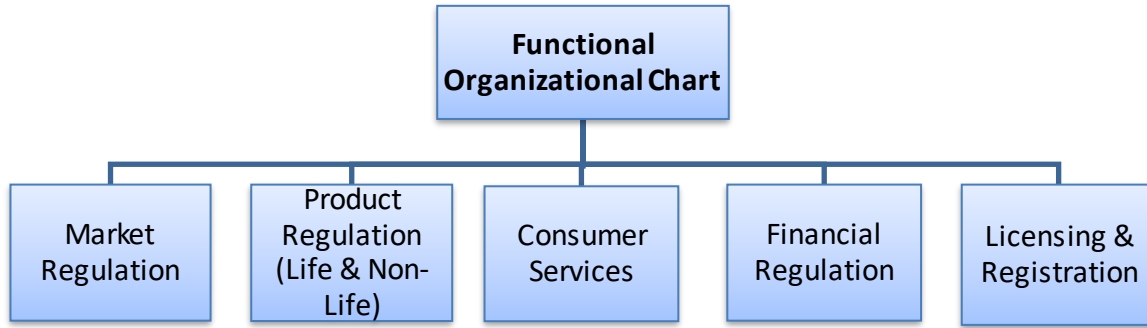
The mission of the Office of the Insurance Board is to work cooperatively with the national and state governments and with the insurance industry to:

1. ensure that the citizens of the FSM are treated fairly in all insurance transactions;
2. serve as regulator of the business of insurance that is fair and reasonable to all parties;
3. earn and maintain our reputation as a global insurance domicile of choice.

### EXHIBIT 1: FSMIB ORGANIZATIONAL



**EXHIBIT 2: FUNCTIONAL CHARTS OF THE FSMIB**



1. To ensure fairness and reasonableness in products and trade practices, rates are not too excessive, processing complaints in respect to trade practices, verification of claim handling, and other market related issues.
2. To ensure insurance products are consistent with statutory, regulatory and prudent requirements in respect to contents, terms, standards, forms, and other specifications. Ensure and verify rates, forms and policy substance and conditions are fair, reasonable, and in compliance with legal/regulatory/prudent requirements.
3. To process complaints and undertake public education activities so policyholders, the public, insurers, and intermediaries are well informed.
4. To compile financial and statistical data as an integral element in the monitoring process to ensure the reliability and financial soundness, safety and health of insurance companies and intermediaries, making sure annual and quarterly financial reports are filed and analyzed on a timely basis. To compile and analyze key data to determine conditions in respect to capital adequacy, risk-based profile, corporate and management quality, reinsurance, loss reserve adequacy, investment soundness, liquidity, solvency margin, risk-based capital, accounting methods and underwriting.
5. To assist applicants in ensuring applications are completed prior to filing and licensure. Ensure licensees comply with statutory, regulatory, and conditions of license. To monitor license conditions, assess and impose fines.

**THE FSM INSURANCE SYSTEM**

The FSM Insurance market is comprised of two distinct sectors: (1) regular or conventional insurance, and (2) captive insurance.

**CONVENTIONAL INSURANCE**

The conventional insurance system in the FSM consists of both foreign and domestic insurers, as well as insurance intermediaries. The market is dominated by foreign insurers, which operate in the country through, or are represented by local licensed insurance agents. As of calendar year ended December 31, 2025, there were eight (8) registered foreign insurers, one (1) licensed domestic insurer, six (6) licensed insurance agents, two (2) licensed insurance brokers and no licensed solicitors.

By law, FSM MiCare and Chuuk State Health Plan, the two government-owned and operated health insurance providers are not under the regulatory and supervisory purview of the FSMIB. **FOREIGN INSURER** Section 102[3], a foreign insurer is an entity constituted and licensed to conduct insurance business by a jurisdiction other than the FSM and is registered under Section

307 of Title 37 of the FSMC to undertake insurance business in the FSM. Per Section 301 of Title 37 of the FSMC, a foreign insurer who receives two million dollars or more in income from premiums collected in the FSM in each fiscal year for three consecutive fiscal years, shall be required to become licensed as domestic insurer. *Exhibits 3 and 4* below show a list of currently registered and licensed insurers, their respective appointed licensed insurance agents and the corresponding authorized lines of business during this reporting period. The conventional insurance market offers both life and non-life insurance products and services. Examples of life and health insurance products are credit life, group life, and health insurance while non-life insurance products consist of homeowners, automobiles, fire, marine cargo, workers' compensation, and other coverages.

**EXHIBIT 3: CONVENTIONAL INSURANCE PARTICIPANTS**

| INSURER                                   | STATUS | A.M. BEST RATINGS | DOMICILE           | LOCAL AGENT   |
|---|--------|-------------------|--------------------|---|
| DB Insurance Company, Ltd. (Guam)         | Active | A+ (Superior)     | Guam/South Korea   | Moylan's Insurance Underwriters (FSM), Inc.                           |
| First Net Insurance Company               | Active | A- (Excellent)    | Guam, USA          | Moylan's Insurance Underwriters (FSM), Inc                            |
| Liberty Mutual Insurance Company          | Active | A (Excellent)     | Massachusetts, USA | Moylan's Insurance Underwriters (FSM), Inc                            |
| NetCare Life and Health Insurance Company | Active | Not Rated         | Guam, USA          | Moylan's Insurance Underwriters (FSM), Inc                            |
| Pacific Indemnity Insurance Company       | Active | A-(Excellent)     | Guam, USA          | Actouka Executive Insurance Underwriters & Moses Insurance Executives |
| Plateau Insurance Company                 | Active | A-(Excellent)     | Tennessee, USA     | Bank of the FSM & Bank of Guam  |
| Individual Assurance Company (FSM), Inc.  | Active | Not Rated         | Pohnpei, FSM       | None  |
| NorthStandard Limited                     | Active | Not Rated         | United Kingdom     | Moses Insurance Executives  |
| Century Insurance Company, Ltd            | Active | Not Rated         | Saipan, CNMI       | OIC Insurance Agency Corporation                                      |

**EXHIBIT 4: AUTHORIZED LINES OF BUSINESS**

| INSURER                           | LOCAL AGENT                                 | AUTHORIZED LINES OF BUSINESS   |
|-----------------------------------|---|--|
| Century Insurance Company, Ltd    | OIC Insurance Agency Corporation            | Homeowners, Dwelling/Residential, Personal/Commercial Auto, Commercial Property, General Liability, Crime/Burglary/Fidelity, Personal Accident, Equipment Floater, Glass and Worker's Compensation |
| DB Insurance Company, Ltd. (Guam) | Moylan's Insurance Underwriters (FSM), Inc. | Homeowners Building and Contents, Automobile, Fire and Allied Perils, General Liability, Workers' Compensation, Cargo, Surety, Personal Accident, and Aviation                                     |

**THE FSM INSURANCE BOARD 2025 ANNUAL REPORT**

|   |  |   |
|---|--|---|
| First Net Insurance Company               | Moylan's Insurance Underwriters (FSM), Inc | Homeowners-Building and Contents, Automobile, Fire and Allied Perils, General Liability, Worker's Compensation, Cargo, Surety, Personal Accident, and Aviation  |
| Liberty Mutual Insurance Company          | Moylan's Insurance Underwriters (FSM), Inc | Surety Bond   |
| NetCare Life and Health Insurance Company | Moylan's Insurance Underwriters (FSM), Inc | Universal Life, Whole Life, Term Life, and Accident and Health  |
| NorthStandard Limited                     | Moses Insurance Executives                 | Ocean Marine  |
| Pacific Indemnity Insurance Company       | Actouka Executive Insurance Underwriters   | Fire, Inland Marine, Homeowners, House and Car Policy, Business Xtra (BIX), Comprehensive Business Package (CBP), Automobile, Personal Auto, Workers Compensation, Public Liability, Burglary/Theft/Mercantile Open Stock, Glass, EDP, Ocean Marine, and Umbrella Liability |
| Pacific Indemnity Insurance Company       | Moses Insurance Executives                 | Fire, Marine, Motor Vehicle, Miscellaneous, Property Damage & Liability, Worker's Compensation, Fidelity & Surety   |
| Plateau Insurance Company                 | Bank of the FSM                            | Credit Life and Credit Disability   |
| Plateau Insurance Company                 | Bank of Guam                               | Credit Life   |
| Individual Assurance Company (FSM), Inc.  |  | Group Term Life   |
| Century Insurance Company, Ltd            | OIC Insurance Agency Corporation           | Homeowners, Dwelling/Residential, Personal/Commercial Auto, Commercial Property, General Liability, Crime/Burglary/Fidelity, Personal Accident, Equipment Floater, Glass and Worker's Compensation  |

**AGENT** Section 102 [3] of Title 37 of FSMC, an agent is defined as “a person with the authority of an insurer to solicit applications, receive proposals, receive premiums, deliver policies, and to make contracts of insurance.” Agents represent foreign insurers or carriers. The Insurance Act of 2006 further requires that only agents transacting insurance business on behalf of licensed or registered insurers shall be eligible for a license and may conduct business on behalf of more than one insurer. However, the agent must apply for a separate license as an insurance agent for each insurer or carrier. During the year 2025, there were six (6) active licensed insurance agents as shown in the following page in *Exhibit 5*.

**EXHIBIT 5: INSURANCE AGENTS**

| <b>AGENT</b>                               | <b>LICENSE STATUS</b> | <b>INSURER</b>                      | <b>Location</b> |
|--|-----------------------|-------------------------------------|-----------------|
| Actouka Executive Insurance Underwriters   | Active                | Pacific Indemnity Insurance Company | Pohnpei         |
| Bank of the Federated States of Micronesia | Active                | Plateau Insurance Company           | FSM Branches    |

**THE FSM INSURANCE BOARD 2025 ANNUAL REPORT**

|   |        |  |              |
|---|--------|--|--------------|
| Bank of Guam                                | Active | Plateau Insurance Company  | FSM Branches |
| Moylan's Insurance Underwriters (FSM), Inc. | Active | First Net Insurance Co., NetCare Life & Health Insurance Co., Liberty Mutual Insurance Co., and DB Insurance Co., Ltd. | Pohnpei      |
| Moses Insurance Executives                  | Active | Pacific Indemnity Insurance Company and NorthStandard Limited  | Pohnpei      |
| OIC Insurance Agency Corporation            | Active | Century Insurance Company, Ltd.  | Chuuk        |

**BROKER** Section 102 [5] of Title 37 of FSMC, a broker is defined as “a person who acts on behalf of a prospective customer and with the prospective customer’s authority to arrange insurance business with insurers, including making proposals and paying premiums.” Brokers represent the insureds or customers. During the year 2025, there were two (2) licensed insurance brokers as shown in *Exhibit 6* below.

**EXHIBIT 6: INSURANCE BROKERS**

| BROKER                                    | LICENSE STATUS | LOCATION |
|---|----------------|----------|
| Oceania Insurance Company                 | Active         | Chuuk    |
| Micronesia Insurance Brokers Company, Ltd | Active         | Pohnpei  |

**SOLICITOR** Section 102 [24]a solicitor is an individual who solicits insurance applications or negotiates insurance business on behalf of an insurer or an agent and earns commissions for each successful sale, but is neither an insurer, or insurance agent, nor an employee of an insurer or agent. During the year 2025, there were no licensed solicitors in the FSM.

Based on submitted and reported data, the conventional insurance sector generated total gross premiums of \$4,629,602 for the year ended 2025. Of this amount, \$1,681,447 was attributable to life insurance, while \$2,948,155 was generated from non-life insurance policies. During the reporting period, a total of 1,253 active insurance policies were reported, consisting of 402 life insurance policies and 851 non-life insurance policies sold through licensed insurance agents.

*Exhibits 7 and 8* below present the financial performance of the regular life and non-life insurance industry based on submitted and available data. Submissions from two (2) registered insurers remain outstanding and therefore were not included in this Report.

**EXHIBIT 7: FINANCIAL PERFORMANCE-REGULAR LIFE INS. INDUSTRY**

| LINE OF BUSINESS | TOTAL POLICY | TOTAL PREMIUM      | CLAIMS    |                  |           |                  |        |     |             |                  |
|------------------|--------------|--------------------|-----------|------------------|-----------|------------------|--------|-----|-------------|------------------|
|                  |              |                    | INCURRED  |                  | PAID      |                  | DENIED |     | OUTSTANDING |                  |
|                  |              |                    | #         | Amt              | #         | Amt              | #      | Amt | #           | Amt              |
| Credit Life      | 401          | 166,470            |           |                  |           |                  |        |     |             |                  |
| Group Life       | 1            | 1,514,977          | 47        | 939,644          | 79        | 657,267          |        |     | 24          | 360,780          |
| <b>TOTAL</b>     | <b>402</b>   | <b>\$1,681,447</b> | <b>47</b> | <b>\$939,644</b> | <b>79</b> | <b>\$657,267</b> |        |     | <b>24</b>   | <b>\$360,780</b> |

**EXHIBIT 8: FINANCIAL PERFORMANCE OF THE REGULAR LIFE NON-LIFE INSURANCE INDUSTRY**

| LINE OF BUSINESS       | POLICY & PREMIUM |                    | CLAIM     |                 |           |                 |        |     |             |                 | PRIOR YEAR  |                |
|------------------------|------------------|--------------------|-----------|-----------------|-----------|-----------------|--------|-----|-------------|-----------------|-------------|----------------|
|                        | TOTAL POLICY     | TOTAL PREMIUM      | INCURRED  |                 | PAID      |                 | DENIED |     | OUTSTANDING |                 | OUTSTANDING |                |
|                        |                  |                    | #         | Amt             | #         | Amt             | #      | Amt | #           | Amt             | #           | Amt            |
| Accident & Health      | 120              | 43,524             | 7         | 5,502           | 4         | 4,301           |        |     | 3           | 1,201           |             |                |
| Automobile             | 299              | 521,510            | 19        | 66,615          | 15        | 58,830          |        |     | 5           | 10,285          | 1           | 2,500          |
| Aviation               | 1                |                    |           |                 |           |                 |        |     |             |                 |             |                |
| Burglary               | 4                | 1,846              |           |                 |           |                 |        |     |             |                 |             |                |
| Comp. Business Package | 8                | 39,419             |           |                 |           |                 |        |     |             |                 |             |                |
| Crime                  | 1                | 1,293              |           |                 |           |                 |        |     |             |                 |             |                |
| Fidelity               | 1                | 625                |           |                 |           |                 |        |     |             |                 |             |                |
| Fire                   | 104              | 349,636            |           |                 |           |                 |        |     |             |                 |             |                |
| General Liability      | 54               | 363,914            |           |                 |           |                 |        |     |             |                 |             |                |
| Homeowners             | 15               | 385,344            |           |                 |           |                 |        |     |             |                 |             |                |
| Marine Cargo           | 8                | 25,514             |           |                 |           |                 |        |     |             |                 |             |                |
| Marine Hull            | 10               | 526,518            |           |                 |           |                 |        |     |             |                 |             |                |
| Multi-Peril            | 3                | 3,319              |           |                 |           |                 |        |     |             |                 |             |                |
| Property               | 30               | 140,348            |           |                 |           |                 |        |     |             |                 |             |                |
| Special Risk           | 4                | 15,375             |           |                 |           |                 |        |     |             |                 |             |                |
| Surety                 | 3                | 6,400              |           |                 |           |                 |        |     |             |                 |             |                |
| Travel                 | 101              | 4,442              |           |                 |           |                 |        |     |             |                 |             |                |
| Worker's Comp          | 76               | 310,838            | 7         | 6,318           | 5         | 3,516           |        |     | 2           | 2,802           |             |                |
| Marine P&I             | 1                | 117,166            |           |                 |           |                 |        |     |             |                 |             |                |
| Equipment Floater      | 1                |                    |           |                 |           |                 |        |     |             |                 |             |                |
| <b>TOTAL</b>           | <b>851</b>       | <b>\$2,948,155</b> | <b>33</b> | <b>\$78,435</b> | <b>24</b> | <b>\$66,647</b> |        |     | <b>10</b>   | <b>\$14,288</b> | <b>1</b>    | <b>\$2,500</b> |

For the year ended 2025, total commission earned amounted to \$767,317, of which \$674,993 was received by licensed insurance agents and \$92,324 by licensed insurance brokers, as presented below in *Exhibit 9*.

**EXHIBIT 9: EARNED COMMISSION FOR INSURANCE INTERMEDIARIES**

| INTERMEDIARIES | COMMISSIONS<br>LIFE<br>INSURANCE | COMMISSIONS<br>NON-LIFE INSURANCE | TOTAL            |
|----------------|----------------------------------|-----------------------------------|------------------|
| <b>Agent</b>   | \$105,214                        | \$569,779                         | <b>\$674,993</b> |
| <b>Broker</b>  | \$17,458                         | \$74,866                          | <b>\$92,324</b>  |
| <b>Total</b>   | <b>\$122,672</b>                 | <b>\$644,645</b>                  | <b>\$767,317</b> |

**CAPTIVE INSURANCE**

Captive insurance companies are a specialized type of insurance company. A captive insurance company can only issue an insurance policy to its owner or another affiliated company. This type

of arrangement, a form of self-insurance, is used by large corporations to better manage their risks and set aside funds to pay for future losses. Since each captive insurance structure is unique, and the general public or other unrelated businesses are not able to buy an insurance policy from a captive insurance company, the details and activity of each captive insurance company are treated as confidential pursuant to Section 1004 of Title 37 FSMC.

The FSM has made a strategic decision to focus its captive insurance outreach efforts on Japan-based businesses. Businesses headquartered in Japan have unique insurance compliance requirements that place most other international captive insurance domiciles impractical. By focusing exclusively on Japan, the FSM can build strong and lasting ties with key insurance professionals and maximize the benefits returning to the FSM for a minimum cost.

Based on the available data, captive insurance companies domiciled in the FSM received \$256 million in premium payments in 2025. The FSM has licensed 31 captive insurance companies since 2009. There are currently 23 licensed and active companies, as shown on the next page in *Exhibit 10*. It is not uncommon for captive insurance companies to elect to close down as their parent company reorganizes or changes their risk management strategies.

We are pleased to report on the formation and licensure of two new captive insurance companies in the FSM. We are also pleased to report that in 2024, FSM captives paid \$17,126,164 in taxes to the National Government, which is the largest single year tax payment on record. Taxable income comes from captive insurance underwriting revenue, interest received on loans and realized gains on investments. Captive insurance companies continue to provide an increasing yet stable annual contribution of tax revenue to the National Government.

The FSMIB cooperates with the FSM Captive Insurance Council, a trade association made up of captive insurance owners and service providers who work with FSM-based captive insurance companies. The Captive Insurance Council sponsors an annual seminar in Japan where current and prospective captive insurance owners and service providers can learn about captive insurance in the FSM. The 2025 seminar was held in Tokyo with more than 175 participants from across Japan.

The FSMIB is committed to building the FSM’s reputation as a reliable and stable captive insurance partner for Japanese-owned captives. Other captive domiciles continue to make significant investments of time and resources in Japan. Nevertheless, the FSM remains a premier domicile of choice for Japan businesses. As the alternative risk management and captive insurance market in Japan matures and grow, the FSM remains well positioned to capture much of this growth.

**EXHIBIT 10: LICENSED & ACTIVE CAPTIVE INSURANCE COMPANIES**

| NO. | CAPTIVE INSURANCE COMPANIES         | LICENSE DATE      |
|-----|-------------------------------------|-------------------|
| 1   | au Reinsurance Corporation          | December 23, 2016 |
| 2   | Eastern Pacific Insurance, Ltd.     | October 29, 2013  |
| 3   | Grand Cru Insurance Company Limited | February 20, 2018 |
| 4   | Green Sun Insurance, Inc.           | March 16, 2015    |
| 5   | Hanwa Reinsurance Corporation       | December 15, 2017 |

**THE FSM INSURANCE BOARD 2025 ANNUAL REPORT**

|    |  |                    |
|----|--|--------------------|
| 6  | HS Insurance Co., Ltd.                           | February 16, 2017  |
| 7  | Island Reinsurance Corporation                   | June 23, 2011      |
| 8  | IX Micronesia Reinsurance Corporation            | February 1, 2018   |
| 9  | Ks Insurance Inc.                                | September 17, 2021 |
| 10 | Marble Reinsurance Corporation                   | September 23, 2009 |
| 11 | MIMOSA Insurance Company Limited                 | August 08, 2022    |
| 12 | MP Insurance Corporation                         | June 28, 2013      |
| 13 | Nitto Reinsurance Micronesia Co., Ltd.           | July 18, 2017      |
| 14 | NRI Reinsurance Micronesia Ltd.                  | July 27, 2017      |
| 15 | Permcore Insurance Co., Ltd.                     | March 1, 2010      |
| 16 | Rainbowseeker Insurance, Inc.                    | March 29, 2011     |
| 17 | SKK Insurance Company Limited                    | March 13, 2018     |
| 18 | Sojitz Reinsurance Company Limited               | September 16, 2015 |
| 19 | Sumida Insurance Company                         | December 23, 2015  |
| 20 | Thanks Insurance Corporation                     | April 24, 2012     |
| 21 | Toyota Tsusho Reinsurance Micronesia Corporation | September 28, 2010 |
| 22 | TriFork Reinsurance Corporation                  | June 25, 2013      |
| 23 | U-Reinsurance Management Co., Ltd.               | June 17, 2025      |

Owners of FSM licensed captive insurance companies operate in a diverse range of domestic and international markets and industries including but not limited to the following categories:

- ❖ Trade and Commerce
- ❖ Financial Services
- ❖ Real Estate and Construction
- ❖ Manufacturing
- ❖ Transportation
- ❖ Information Technology and Communications

The strong financial condition and stable performance of captive insurers continue to dominate the FSM insurance sector. *Exhibit 11* below presents an aggregated summary of the financial highlights of the FSM captive insurance industry, as reported by licensees for their respective fiscal and calendar years ending from 2020 to 2024. Aggregated results for 2025 are not available at the time of this Report due to differences in fiscal-year and calendar-year reporting periods among captive companies, some of which are not required to file their audited financial statements until June 2026.

**EXHIBIT 11: FINANCIAL HIGHLIGHTS - CAPTIVE INSURANCE INDUSTRY**

| CAPTIVE AGGREGATE       | 2024          | 2023          | 2022          | 2021          | 2020          |
|-------------------------|---------------|---------------|---------------|---------------|---------------|
| Cash & Investments      | 354,400,433   | 343,169,846   | 334,707,469   | 251,378,474   | 359,255,357   |
| Total Assets            | 1,429,347,708 | 1,503,460,706 | 1,507,009,190 | 1,444,788,160 | 1,271,198,283 |
| Total Capital & Surplus | 535,705,304   | 437,469,898   | 460,282,756   | 460,756,154   | 457,359,289   |
| Earned Premiums         | 256,254,327   | 459,535,967   | 530,118,376   | 586,458,032   | 642,431,983   |
| Total Taxes             | 17,126,164    | 5,267,185     | 15,652,521    | 15,305,674    | 16,465,277    |
| Net Income              | 12,686,530    | 18,405,432    | 62,884,445    | 55,201,262    | 62,010,632    |

FSM domiciled captives pay direct taxes each year to the National Government. Additionally, captive insurance companies support regular direct economic activity in the FSM, including the employment of FSM based accountants, attorneys, captive managers, and their support staff. FSM captive owners and captive insurance company board members regularly make visits to FSM to meet with regulators and local service providers and to conduct board meetings and other business activities. All captives are required by Section 1003 of Title 37 FSMC to maintain a principal local office, designate a local principal representative and physically hold its annual board of directors meeting in the FSM. The local expenditures incurred for these requirements include payments directly made to professional service providers like attorneys, captive managers, as well as FSM’s hospitality industry that include hotels, rental car companies, restaurants, and other related services. These direct expenditures in turn flow into other sectors of the local economy through wages, rents, taxes, and other expenses.

Prudent regulatory oversight of the captive insurance industry and administration of applicable laws require consistent and timely actions by the FSM Insurance Commissioner and his staff. Based on available information, the office expects to receive approximately 3-5 new requests each month, as well as mandated annual financial filings and reports made by each licensed captive. Depending on the nature of the request or filing, the Insurance Commissioner and his staff undertake different kinds of quantitative and qualitative evaluations and activities which include, but are not limited to the following:

1. Review and analysis of mandated annual filings made by each captive licensee.
2. Evaluation of new captive insurance company applications, and voluntary terminations.
3. Evaluation and approval or disapproval of business plan changes to operations, funding, governance, underwriting criteria, service providers, and any other material changes to the application and business plan that was initially approved by the Insurance Board and Insurance Commissioner.
4. Coordination and/or administration of regulatory examinations

### **ACTIVITIES OF THE INSURANCE BOARD**

During the year ended December 31, 2025, the FSMIB performed and accomplished the following tasks and activities:

1. Held four (4) regular board meetings;
2. Reviewed and approved 1 captive insurance company, 29 business plan changes, 2 agent licenses, and 2 registered foreign insurers.
3. Renewed the contract for the Captive Insurance Consultant (“CIC”) whose main duties were to assist the staff in reviewing technical requests and proposals from licensed captive insurers, captive insurance applications, provide training sessions and capacity building for staff, and other technical supports;
4. Renewed the contract for the Consultant for regular insurance business whose main responsibilities include reviewing new filed applications from agents, brokers or foreign insurers; provide training for the staff, and other supports;
5. Submitted 2024 Annual Report to President and Speaker.
6. Participated in the FSM Captive Insurance Seminar in Tokyo, Japan
7. Staff attended the 2025 NAIC Insurance Summit in Kansas City and the 2025 Hawaii Captive Insurance Council (HCIC) Annual Forum in Maui, Hawaii.

- 8. Visited all four states and held updates and briefings
- 9. Continued to engage the support and services of professional consultants

**OVERVIEW OF THE FSMIB’S FY25 OPERATIONAL BUDGET AND RF**

**GENERAL FUND (OPERATIONAL BUDGET)**

Each fiscal year, national government agencies, offices, departments and component units respond to the Presidential budget call by submitting proposed budgets that reflect priorities and planned operational activities. For FY2025, the FSMIB received an approved General Fund budget of \$697,641, an increase from \$642,078 in FY2024. Actual expenditures in FY2025 totaled \$446,709, compared to \$540,773 in FY2024. *Exhibit 12* presents the approved budget and actual expenditures for the two-year period.

**EXHIBIT 12: GENERAL FUNDS APPROVED BUDGET VS. ACTUAL**

| ACCOUNT DESCRIPTION          | FY 2025           |                   | FY 2024           |                   |
|------------------------------|-------------------|-------------------|-------------------|-------------------|
|                              | APPROVED BUDGET   | ACTUAL EXPENSE    | APPROVED BUDGET   | ACTUAL EXPENSE    |
| PERSONNEL                    | \$ 217,548        | \$ 177,741        | \$ 217,547        | \$ 135,357        |
| TRAVEL                       | \$ 66,294         | \$ 52,886         | \$ 44,852         | \$ 42,097         |
| OTHER CURRENT EXPENSES (OCE) | \$ 30,874         | \$ 23,103         | \$ 32,504         | \$ 29,581         |
| CONTRACTUAL SERVICES         | \$ 352,925        | \$ 162,979        | \$ 347,175        | \$ 333,738        |
| FIXED ASSET                  | \$ 30,000         | \$ 30,000         | \$ -              | \$ -              |
| <b>TOTAL</b>                 | <b>\$ 697,641</b> | <b>\$ 446,709</b> | <b>\$ 642,078</b> | <b>\$ 540,773</b> |

**REVOLVING FUND (RF)**

The FSMIB Revolving Fund (“Revolving Fund”) was established in 2014 and became effective on June 25, 2014, following the approval of Public Law No. 18-71 by then-President Manny. The mandated purpose of the Revolving Fund is to support expenses related to the regulation of captive insurance companies in the FSM. In accordance with the law, a complete and comprehensive report on the Revolving Fund is required to be included in the FSMIB’s Annual Report to the President and the Speaker.

Annual deposits into the Revolving Fund consist of: (1) application fees, license fees, annual fees, and premium tax fees collected from captive insurance companies; and (2) charges collected from captive insurance companies to reimburse costs incurred by the Insurance Commissioner in retaining outside legal, financial, and examination services. At the end of each fiscal year, the balance of the Revolving Fund is capped at \$50,000. Any funds in excess of the \$50,000 threshold are transferred to the General Fund.

Since the establishment of the Revolving Fund, FSMIB has consistently maintained the \$50,000 minimum threshold and ensured that all expenditures are strictly limited to captive insurance-related activities and purposes. Over the years, the Board has utilized the Revolving Fund to procure the services of various subject-matter experts to provide technical assistance in captive insurance and information technology, thereby supporting the continued growth and effective oversight of the captive insurance portfolio.

During FYE2025, no examinations of captive insurance companies were conducted. For the same fiscal year, the total amount of fees collected and deposited into the Revolving Fund were approximately \$47,998. *Exhibit 13* provides a summary of the FSMIB Revolving Fund financial activities for FY2025 and FY2024.

**EXHIBIT 13: FSMIB REVOLVING FUND FINANCIAL ACTIVITIES**

| <b>ACCOUNT DESCRIPTION</b> | <b>FY 2025</b> | <b>FY 2024</b> |
|----------------------------|----------------|----------------|
| Revenues                   | \$ 47,998      | \$ 39,332      |
| Expenditures               | \$ -           | \$ 2,418       |
| Transfer Out               | \$ -           | \$ 41,622      |