

## CHAPTER 5

### General Provisions

#### SECTIONS

- § 501. Restriction on use of the word “insurance”.**
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**Editor’s note:** Section 47 of PL 14-66 enacted new chapter 5 of this title entitled General Provisions.

#### **§ 501. Restriction on use of the word “insurance”.**

Only persons licensed under this subtitle shall have or use the word “insurance” or any derivative thereof in the conduct of their business.

**Source:** PL 14-66 § 53/48.

**Editor’s note:** PL 14-66 contained overlapping section numbers by repeating section numbers 22-26. The first section number in the source of this section represents what the correct section number should have been and the second section number represents the actual section number in PL 14-66.

#### **§ 502. Registered names.**

(1) The Insurance Board shall not issue a license if the name under which the applicant desires to be licensed is identical to or so nearly resembles the name of a person already licensed under this subtitle as to be likely to be mistaken for it unless that person is in fact affiliated with the applicant and consents to the licensing of the applicant under the name in question, or the licensed person is being wound up or has ceased to transact insurance business in or from within the Federated States of Micronesia and consents to the licensing of the applicant under the name in question.

(2) The Commissioner shall not license an applicant as an insurer, agent, broker or solicitor if the name under which the applicant desires to be registered suggests falsely that the applicant has a special status in relation to or derived from the municipal, State or National government of the Federated States of Micronesia or has the official

backing of or acts on behalf of said government or official thereof or is recognized in the Federated States of Micronesia as a national or central insurer, insurance agent, insurance broker or insurance solicitor.

(3) The Commissioner shall not license an applicant as broker or solicitor if the name under which the applicant desires to be registered is likely to suggest that the applicant is an insurer or agent.

(4) The Commissioner shall not license an applicant as an agent if the name under which the applicant desires to be registered is likely to suggest that the applicant is an insurer or a broker.

(5) The Commissioner may refuse to license an applicant under a name that is likely to mislead policy-owners or which is contrary to the public interest.

(6) A licensed insurer, agent, broker, or solicitor shall not change the name under which it is licensed without the prior permission of the Commissioner.

**Source:** PL 14-66 § 54/49.

**Editor's note:** PL 14-66 contained overlapping section numbers by repeating section numbers 22-26. The first section number in the source of this section represents what the correct section number should have been and the second section number represents the actual section number in PL 14-66.

### **§ 503. Service of process upon persons licensed under this subtitle.**

(1) Any notice issued under any provisions of this subtitle and any process in legal proceedings may be served upon a person licensed under this subtitle by leaving the same at the principal office or designated agent of the person.

(2) If the principal office or designated agent of a person registered under this subtitle cannot reasonably be found, any notice served under this subtitle or process in any legal proceedings may be served by leaving the same at the office of the Commissioner and it shall be deemed to be service upon the person registered under this subtitle.

**Source:** PL 14-66 § 55/50.

**Editor's note:** PL 14-66 contained overlapping section numbers by repeating section numbers 22-26. The first section number in the source of this section represents what the correct section number should have been and the second section number represents the actual section number in PL 14-66.

### **§ 504. Control of advertisements.**

No advertisement shall be used by any person licensed under this subtitle which, directly or by implication, has the capacity and tendency to mislead or deceive prospective policy-owners with respect to an insurer's assets, corporate structure, financial standing, age or relative position in the insurance business, the terms of a policy or in any other material respect.

**Source:** PL 14-66 § 56/51.

**Editor's note:** PL 14-66 contained overlapping section numbers by repeating section numbers 22-26. The first section number in the source of this section represents what the correct section number should have been and the second section number represents the actual section number in PL 14-66.

### **§ 505. Practices injurious to free competition.**

Unless otherwise permitted by law, no person shall, directly or indirectly, enter into any agreement for the purpose of controlling the rates to be charged, or the commissions or other compensations to be paid, for insuring any risk or class of risks or commit any act of boycott, coercion, or intimidation resulting or tending to result in unreasonable restraint of or a monopoly in the business of insurance.

**Source:** PL 14-66 § 57/52.

**Editor's note:** PL 14-66 contained overlapping section numbers by repeating section numbers 22-26. The first section number in the source of this section represents what the correct section number should have been and the second section number represents the actual section number in PL 14-66.

### **§ 506. Fraud.**

Any person licensed under this subtitle should have in place internal controls that prevent fraud.

**Source:** PL 14-87 § 25.