



COMMONWEALTH OF PUERTO RICO

OFFICE OF THE COMMISSIONER OF INSURANCE

February 28, 1986

CIRCULAR LETTER NO. AE-1-2-1046-86

TO ALL REINSURERS AUTHORIZED TO TRANSACT INSURANCE
BUSINESS IN PUERTO RICO

Subject: Annual Statement

Dear Sirs:

Section 1.020 of the Insurance Code of Puerto Rico, 26 LPRC sec. 102, states the following:

"'Insurance' is a contract whereby one undertakes to indemnify another, or to pay or provide a specified or ascertainable benefit upon determinable contingencies therein foreseen. The term insurance includes reinsurance." (emphasis supplied)

Section 1.050 of the Insurance Code of Puerto Rico, 26 LPRC sec. 105, states the following:

"'Contracting or transacting' with respect to insurance includes any of the following:

- (1) Solicitation and inducement.
- (2) Negotiations preliminary to execution.
- (3) Execution of a contract of insurance.
- (4) Insuring or reinsuring.
- (5) Transaction of matters subsequent to execution of the contract and arising out of it."

The aforesaid sections subject reinsurers to the same requirements imposed to insurers by other provisions of the mentioned code, except as to any section where reinsurers are expressly excluded or any section where it is clear that its content is not applicable to reinsurers.

One of those requirements is the one stipulated in section 3.310(1) and (2) of the Insurance Code of Puerto Rico, 26 LPRC sec. 331(1) and (2), which stipulates the following:

"(1) Each authorized insurer shall annually, before the thirty-first day of March, file with the Commissioner a true statement of its financial condition, transactions, and affairs as of December 31st. preceding. The statement shall be on forms as prescribed by the Commissioner, shall contain information as required by this code and by the Commissioner, and shall be verified by the oath of at least two of the insurer's principal officers. The annual statement of a reciprocal or Lloyd's insurer shall be verified by his attorney-in-fact.

(2) The annual statement of a foreign insurer not formed in the United States but authorized to transact insurance in a state of the United States, may relate only to its assets, transactions and affairs in the United States and Puerto Rico (and including, at the insurer's option, the Virgin Islands and the Canal Zone) unless the Commissioner requires otherwise. The statement may be verified by the insurer's United States manager or by its officers duly authorized."
(emphasis supplied)

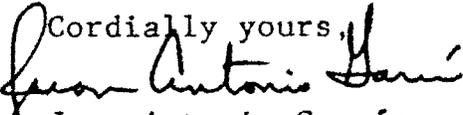
In view of the above, reinsurers shall file in this Office the annual statement for calendar year ending December 31, 1985, before March 31, 1986, along with the \$50 filing fee prescribed by Section 7.010(18) of the Insurance Code of Puerto Rico, 26 LPRA sec. 701(18). The \$50 fee must be sent in check or money order payable to the Secretary of the Treasury and the annual statement shall be filed in duplicate in the official form approved by the National Association of Insurance Commissioners. The same must be sent to the following address:

Office of the Commissioner of Insurance
P.O. Box 8330
Fernández Juncos Station
Santurce, Puerto Rico 00910

In accordance with the provisions of Section 3.310(2), cited above, foreign reinsurers not organized in the United States, which elect to file an annual statement related to their United States business, must include also the information pertaining to their Puerto Rico affairs and transactions.

In addition, this Office is hereby requesting that those foreign reinsurers not organized or formed in the United States but authorized to transact insurance business in Puerto Rico, which close their books of accounts on June 30, 1986, shall file a report or annual statement for the fiscal year ending June 30, 1986 on or before September 30, 1986.

Strict compliance with the aforesaid provisions is hereby required.

Cordially yours,

Juan Antonio García
Commissioner of Insurance