COMMONWEALTH OF PUERTO RICO

OFFICE OF THE COMMISSIONER OF INSURANCE

February 25, 1988

CIRCULAR LETTER NO. AE-I-1-1106-88

TO ALL ELIGIBLE SURPLUS LINE INSURERS

Subject: Annual Statement and Related Items

Dear Sirs:

Section 10.071(1)(c) of the Insurance Code of Puerto Rico, 26 LPRA sec. 1007a(1)(c), states the following:

> "(1) No surplus line insurance broker shall transact an insurance contract in an unauthorized insurer that is not an eligible surplus line insurer as provided in this section. No unauthorized insurer shall be or shall be considered an eligible surplus line insurer unless the Commissioner shall determine its eligibility according to the following conditions:
>
> (a) ...
>
> (c) Before granting eligibility, the surplus line insurance broker or the unauthorized insurer shall present to the Commissioner a duly authenticated copy of its most recent annual financial statement, in English or Spanish, with all monetary values expressed in legal tender of the United States and containing such other additional information concerning the insurer as the Commissioner may require;"

Section 10.072(1) of the Insurance Code of Puerto Rico, 26 LPRA sec. 1007b(1), states the following:

> "(1) The Commissioner may, after a hearing, notice whereof shall be served on all surplus line brokers, withdraw the eligibility of an unauthorized insurer appearing on the list of surplus line eligible insurers upon determining that the insurer is insolvent, or that his financial situation is poor, or that he is no longer eligible under the conditions established in section 10.071 of this code."

P.O. Box 8330 — Fernández Juncos Station — Santurce, Puerto Rico 00910 - 8330

Pursuant to the aforesaid sections and in order to determine the continuation of your eligibility as a surplus line insurer, your annual statement for the calendar year ending December 31, 1987, must be filed in this Office on or before March 30, 1988. Said annual statement shall be filed in duplicate 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.

The annual statement of a foreign insurer not organized in the United States must include, with respect to Puerto Rico business only, the information required on page 14 of the convention statement approved by the National Association of Insurance Commissioners.

The report or the annual statement must be submitted to this Office in duplicate. Please be advised that no additional time will be granted for the submission of the reports.

Strict compliance with the aforesaid provisions is hereby required.

Cordially yours,

Juan Antonio García

Juan Antonio García
Commissioner of Insurance
By: Ramon L. Cruz
DEPUTY COMMISSIONER