



Commonwealth of Puerto Rico
OFFICE OF THE COMMISSIONER OF INSURANCE

January 28, 2002

Circular Letter No. ES-01-1629-2002

TO ALL ELIGIBLE SURPLUS LINE INSURERS

2001 Annual Statement and Related Items

Dear Sir or Madam:

Section 10.071(l)(c) of the Insurance Code of Puerto Rico, 26 L.P.R.A. sec. 1007a(l)(c), stipulates the following:

"(l) 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;"

In addition, Section 10.072(l) of the Insurance Code of Puerto Rico, 26 L.P.R.A. sec. 1007b(l), states the following:

"(l) 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."

Pursuant to Sections 10.071(1)(c) and 10.072(1), *supra*, and in order to determine the continuation of your eligibility as a surplus line insurer, your annual statement for calendar year ending December 31, 2001, must be filed in this Office **on or before March 30, 2002**. The same must be presented in the official form approved by the National Association of Insurance Commissioners and shall be verified by the oath of at least two of the insurer's principal officers.

For this year, insurers are required to submit to this Office and to the NAIC **one legal-sized (8 1/2" x 14") hard copy and electronic filing** of their annual statement and supplements.

All electronic filing submitted **to this Office must be in a diskette (3 1/2" floppy disk)**. **The following filing standards must also be followed:**

1. Use the annual statement software (provided by one of the five software vendor) to develop the electronic media;
2. Convert the software mentioned above to an Microsoft Excel format (.xls format);
3. Save the annual statement Excel format in a diskette;
4. Include the diskette in the same package as the hard copy filing; and
5. Accompany the hard copy and electronic filing package with the appropriate transmittal form that is available with the vendor software package.

Annual filings must follow all established instructions as specified in the *NAIC Annual Statement Instructions*.

All insurers must also include with the regular annual statement the information required on page 15 of said statement, with respect to Puerto Rico business only, in the manner prescribed therein.

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 15 of the convention statement approved by the National Association of Insurance Commissioners.

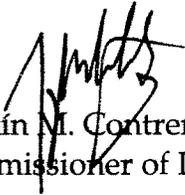
Notwithstanding the above, eligible surplus line insurers not organized in the United States, which close their books on a date other than December 31 of each year, must

submit, on or before March 30, 2002, a transmittal letter with the following information, in lieu of the aforesaid annual statement:

1. Contact person and mailing address.
2. Date on which the insurer closes its books of account.
3. Summary of insurance business transacted in Puerto Rico during calendar year 2001.
4. Summary of investments in Puerto Rico for that calendar year.
5. Balance Sheet for the preceding calendar or fiscal year.
6. Date on which it is estimated the insurer can submit its annual statement to this Office.

Strict compliance with the aforesaid provisions is hereby required.

Sincerely,



Fermín M. Contreras Gómez
Commissioner of Insurance