



COMMONWEALTH OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF INSURANCE

April 5, 2004

CIRCULAR LETTER NO.: C-A-4-1708-2004

**TO ALL FOREIGN INSURERS AUTHORIZED TO TRANSACT INSURANCE
BUSINESS IN PUERTO RICO**

RE: UNCLAIMED FUNDS

Dear ladies and gentlemen:

Section 26.040 of the Insurance Code of Puerto Rico, 26 P.R. Laws Ann. sec. 2604, compels every insurer, general agent and manager to submit a written report to the Office of the Commissioner of Insurance regarding all unclaimed funds that have been withheld and are indebted as of December 31, 2003. The aforesaid section specifically orders, in its subsection (1), the following:

"(1) Every insurer and every general agent, manager, or agent shall, on or before May 1 of each year, submit a written report to the Commissioner of all unclaimed funds, as defined in section 26.030(1)(b) of this code withheld and indebted by the latter as of the immediately preceding December 31; but the report shall not be required to include quantities of less than five (5) dollars or quantities which have been paid to another state or jurisdiction prior to the date of effectiveness of this act. In cases where the insurer has transmitted or credited the funds to his general agent, manager, or agent to be returned to the person entitled thereto, he shall be exempted from filing the report required in this section."

Section 26.030(1)(b) of said Code, 26 P.R. Laws Ann. sec. 2603(1)(b), defines unclaimed funds as:

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"...the money withheld and indebted including unearned premiums, by any insurer who is carrying out business in Puerto Rico and which have not been claimed or paid within a term of seven (7) years or more, after having been established from the records of the insurer, or his general agent, manager or agent, that such moneys became due and payable under any insurance policy."

The directive contained in section 26.040(1) is clear: the obligation imposed upon each one of the persons therein named must be complied with by each one of them separately and independently. The fact that the manager or general agent may have complied with its obligation to submit the report on unclaimed funds does not exempt the insurer from complying with its own obligation.

The legislator placed such obligations separately and independently upon each of said persons inasmuch as several investigations conducted by this Office revealed the existence of unclaimed funds, transmitted by the insurer to the general agents or managers, which were being used by the latter with no intention of returning such funds to the persons entitled to them, and that said general agents or managers were not being obligated to submit a report on that matter.

In spite of the fact that in those cases in which the insurer has transmitted or credited such funds to its general agent, manager or agent for its remittance, the former is not obligated to submit said report, pursuant to Section 2.030 of the Insurance Code of Puerto Rico, 26 L.P.R.A. sec. 203, we are hereby requiring the submission by the insurer of a certification to that effect. This requirement is made, inasmuch as this Office, pursuant to its legal duties to verify the compliance with the provisions of the Insurance Code of Puerto Rico, and in order to secure information useful in the lawful administration of such provisions, needs to know whether or not insurers have remitted those funds to the general agent, manager or agent, so as to be able to determine if compliance is being given by the latter to the provisions of the aforesaid provisions of Chapter 26.

To that effect, and pursuant to the powers and authority vested on us by Section 2.030, supra, we hereby require from the insurers who have remitted or credited unclaimed funds to their general agents, managers, or agents for their reimbursement, or from the insurers who do not have unclaimed funds, the submission to this Office of a certification attesting either fact, as the case may be. We enclose a blank copy of the certification form.

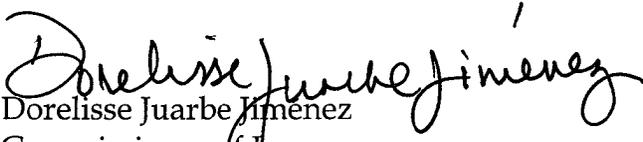
In the case of insurers, unclaimed funds are not generated until the insurer has been licensed in this jurisdiction for at least seven (7) years. For such reason, during the first six (6) years after the insurer has been issued a license for the first time, the insurer is not obligated to render the unclaimed funds report required by Chapter 26.

We enclose a blank copy of the unclaimed funds report which must be notarized and remitted to this Office on or before May 1, 2004.

Finally, we advise that an insurer is not excused from its obligation to return the indebted and unclaimed funds to the persons entitled to them just on account of having remitted said funds to its general agent or manager for their reimbursement.

We hereby require the strict compliance with the aforementioned legal provisions, as well as with the guidelines herein established.

Cordially,


Dorelisse Juarbe Jiménez
Commissioner of Insurance

Enclosures



ESTADO LIBRE ASOCIADO DE PUERTO RICO
OFICINA DEL COMISIONADO DE SEGUROS

CERTIFICATION

I, _____,
(Name of the Official) (Title of the Official)
of _____, after
(Name of the Insurer)

a thorough and careful search in the files of said insurer, hereby CERTIFY

That _____, has remitted
(Name of the Insurer)
or credited to _____
(Name of the General Agent, Manager or Agent)

unclaimed funds which are due and payable by December 31, 2003 and which have not been
claimed by, nor have been paid to the persons entitled to them.

In, _____, _____, 2004.

(Signature of an Official of the Insurer)

(Name of said Official)

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OFFICE OF THE COMMISSIONER OF INSURANCE

CERTIFICATION

I, _____, _____
(Name of the Official) (Title of the Official)

of _____, after
(Name of the Insurer)

a thorough and careful search in the files of said insurer, hereby CERTIFY

That for calendar year 2003 _____,
(Name of the Insurer)

does not have unclaimed funds which are due and payable and which have not been claimed
by, nor have been paid to the persons en-titled to them.

In, _____, _____, 2004.

(Signature of an Official of the Insurer)

