



GOVERNMENT OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF INSURANCE

December 27, 2007

RULING LETTER NUM.: 2007-87-EX

TO ALL DOMESTIC INSURERS AUTHORIZED TO DO PROPERTY BUSINESS

CATASTROPHE LOSS RESERVE

Dear Sirs and Madams:

Article 25.030 of the Puerto Rico Insurance Code contains provisions under which domestic insurers shall establish a catastrophe loss reserve, hereinafter "the reserve". The Article requires, among other things, that every domestic insurer calculate the reserve by applying the net direct premiums in the proportion that the Commissioner may determine from time to time. The amount of the reserve so calculated will be added to the reserve established in previous years.

Pursuant to paragraph (2) of Article 25.030 of the Puerto Rico Insurance Code, we have established that for 2007 the proportion of this reserve will be one (1%) per cent.

The information used to determine the net direct premiums to which this proportion will be applied will be the information shown on page 20 (Statutory Page 14) of the annual report of the insurer for 2007. The following percentages should be used to determine net direct premiums, according to the kind of coverage:

<u>Coverage</u>	<u>% of Underwritten Premiums</u>
1. Fire	100%
2. Earthquake	100%
3. Commercial Multiple Peril "Non Liability"	100%
4. Homeowners Multiple Peril	85%
5. Other Allied Lines	75%
6. Physical Damage to Automobiles	2%
7. Land Transportation	85%
8. Maritime Risk	75%

The one percent (1%) rate will be applied to the amounts obtained by applying the above percentages to the net direct premiums to obtain the contribution to the reserve, and the assets to be deposited in the Catastrophe Reserve Trust.

Paragraph (1) of Article 25.040 of the Puerto Rico Insurance Code, requires domestic insurers to deposit the reserve funds with the trustee than January 31, 2008. The accounting and submission procedures for such are those established in Ruling Letter N-E-2-68-95, dated March 10, 1995, as amended in Letter E-06-1611-2001, dated September 14, 2001.

Strict compliance with the provisions of this Ruling Letter is required.

Very truly yours,

SIGNED

Dorelisse Juarbe Jimenez
Commissioner of Insurance