



COMMONWEALTH OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF INSURANCE

December 9, 2008

RULING LETTER NUM.: 2008-94-EX

**TO ALL DOMESTIC INSURERS AUTHORIZED TO DO PROPERTY BUSINESS
CATASTROPHE LOSS RESERVE**

Dear Sirs and Madams:

Section 25.030 of the Puerto Rico Insurance Code contains provisions under which domestic insurers shall establish a catastrophe loss reserve, hereinafter "the reserve." The Section 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 Section 25.030 of the Puerto Rico Insurance Code, we have established that for 2008 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 2008. The following percentages should be used to determine net direct premiums, according to the kind of coverage:

<u>Coverage</u>	<u>% of Underwritten Premiums in 2008</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 no later than January 31, 2009. **The accounting and submission procedures for such are those established in Rule 72 of the Regulations of the Puerto Rico Insurance Code and the provisions of Ruling Letter N-E-2-68-95, dated March 10, 1995, as amended in Circular Letter E-06-1611-2001, dated September 14, 2001, that are not incompatible with the provisions of said Rule.**

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

Very truly yours,

SIGNED

Dorelisse Juarbe Jiménez
Commissioner of Insurance