



GOVERNMENT OF PUERTO RICO  
OFFICE OF THE COMMISSIONER OF INSURANCE

---

January 25, 2010

**RULING LETTER NO.: 2010-106-EX**

TO ALL DOMESTIC INSURERS AUTHORIZED TO TRANSACT PROPERTY BUSINESS

**CATASTROPHE RESERVE**

Dear Sirs and Madams:

Section 25.030 of the Insurance Code of Puerto Rico provides that domestic insurers shall establish a catastrophe reserve, hereinafter "the reserve." This Section requires, among other things, that all domestic insurers annually calculate a reserve by applying to their net premiums the rate that will be determined from time to time by the Commissioner. The reserve so determined shall be added to the reserve established in previous years.

Under paragraph (2) of Section 25.030 of the Insurance Code of Puerto Rico we have determined a rate for year 2009 of one percent (1%).

The information to be used to determine the net direct premiums to which this rate will be applied should be taken from page 20 (Statutory page 14) of the insurer's annual report for 2009. The following percentages shall be applied to determine net premiums for the respective coverage:

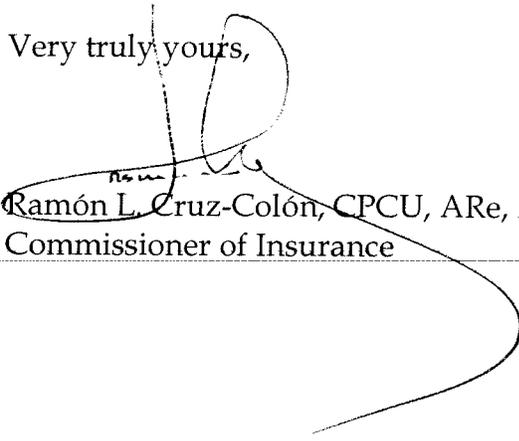
Coverage	% premiums underwritten in 2009
1. Fire	100%
2. Earthquake	100%
3. Multiple Commercial Peril (Non-liability)	80%
4. Multiple Peril Homeowners	85%
5. Other Allied Lines	75%
6. Automobile Physical Damage	2%
7. Inland Marine	85%
8. Oncean Marine	75%

The 1% rate shall be applied to the amounts obtained from applying the above percentages to the net premiums, which will constitute the reserve and the amount to be deposited to the **Catastrophe Reserve Trust Fund**.

Under paragraph (1) of Section 25.040 of the Insurance Code of Puerto Rico domestic insurers are required to make a deposit equivalent to the reserve on or before January 31, 2010. The reserve shall be filed and accounted for according to the provisions of Rule 72 of the Regulations of the Insurance Code of Puerto Rico, as amended, and the provisions of Ruling Letter N-E-2-68-95 dated March 10, 1995, as amended in Ruling Letter E-06-1611-2001, dated September 14, 2001, as may be compatible with said Rule.

Strict compliance with this Ruling Letter is required.

Very truly yours,



Ramón L. Cruz-Colón, CPCU, ARe, AU  
Commissioner of Insurance

---