

COMMONWEALTH OF PUERTO RICO  
OFFICE OF THE COMMISSIONER OF INSURANCE

INTERNATIONAL INSURER APPLICATION FOR AUTHORIZATION

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**GENERAL INSTRUCTIONS**

Prior to completing the application, please call the Office of the Commissioner of Insurance, International Insurance Center, to set up a meeting with the Commissioner and the Director of the International Insurance Center to discuss the requirements for authorization and any other matters pertinent to the application process.

The application form should be filled out in its entirety and when submitted should include all material requested together with the application fees corresponding to the type of authority requested pursuant to Article 61.230 of the Puerto Rico Insurance Code. A response to each item is necessary in order for your application to be considered complete. If any question is inapplicable to your particular situation, please clearly indicate so by marking "N/A" in the space provided. Submit two (2) extra copies of the application and all documents and items required by the application in three-ring binders, appropriately indexed and tabbed. **Failure to comply with these requests and/or furnishing incomplete responses will result in delays in processing the application.**

If requesting authorization to create a Protected Cell International Insurer Company, please complete supplemental application FORM CIS-003 for each cell.

Once the Application is complete, the Office of the Commissioner of Insurance will make a decision within sixty (60) days.

Pursuant to Article 61.050(4) of the Code, the Commissioner may engage legal, financial and investigation services to evaluate the Application for authorization, the cost of which shall be borne by the Applicant. The applicant will be advised of the cost of such services prior to retention of the service provider. The service provider's duties are advisory only and final approval or disapproval of an application will be made by the Commissioner of Insurance.

If letters of credit are to be used to meet capital and surplus requirements, FORM CIS-004 - Irrevocable Letter of Credit must be adhered to by the institution issuing the letter of credit. Copies should be made and enclosed as

## INTERNATIONAL INSURER APPLICATION FOR ADMISSION

required by the application. Each affidavit must be filled out in its entirety and no substitute for this form will be accepted.

The Office of the Commissioner of Insurance of the Commonwealth of Puerto Rico will either grant the license confirmed by the issuance of a Certificate of Authority or deny the license, giving the reason(s) for the denial.

If the applicant is not organized under the laws of a state of the United States of America, every document submitted as part of this application shall be authenticated by a United States Consul or certified with the Apostille of the Hague Convention of October 5, 1961.

If the applicant is to be a Branch operation of an Insurer, please include a certification duly signed by the Chief Executive Officer of the Insurer, by which the Insurer accepts the jurisdiction of the courts of Puerto Rico in civil actions in compliance with the requirements of Articles 3.270 and 61.050(2)(h)(iv) of the Code. Please use FORM CIS-007 for this purpose.

Payment of the fees and charges corresponding to the application and authorization of an International Insurer must be in the form of a certified check, payable to the Secretary of the Treasury of Puerto Rico.

INTERNATIONAL INSURER APPLICATION FOR ADMISSION

PLEASE TYPE ALL INFORMATION

SECTION A: GENERAL INFORMATION

1. Name of proposed International Insurer:

\_\_\_\_\_

2. Name(s) of Controlling Person(s) ("control" as defined in Article 61.020(10) of the Puerto Rico Insurance Code) of Proposed International Insurer<sup>1</sup>:

\_\_\_\_\_

a. Net Worth of Controlling Person(s): \$ \_\_\_\_\_

b. Name(s) and Address of Controlling Person(s) (attach additional sheets if necessary):

(1) Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

(2) Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

c. Name(s) and Controlling Person(s): Voting Percent Ownership:

i. \_\_\_\_\_

ii. \_\_\_\_\_

iii. \_\_\_\_\_

iv. \_\_\_\_\_

<sup>1</sup> The Office reserves the right to request information of owners interest under 50%

INTERNATIONAL INSURER APPLICATION FOR ADMISSION

d. Explain the relationship among the Controlling Persons, including a description of any contracts, arrangements or understandings with respect to any voting securities of the proposed International Insurer and any Controlling Person (attach additional sheets if necessary):

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- 3. Provide Annual Report for the last 5 fiscal years of Controlling Person(s) (if applicable).
- 4. Provide 10K or signed Personal Financial Statements for the last 5 fiscal years of Controlling Person(s) duly certified and dated by their CPA.
- 5. Name, address, and phone number of individual to be contacted regarding this application:

Name: \_\_\_\_\_ Telephone: \_\_\_\_\_  
Address: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

- 6. Indicate type of authorization being requested (please check):

a. \_\_\_ Class 1      b. \_\_\_ Class 2      c. \_\_\_ Class 3  
d. \_\_\_ Class 4      e. \_\_\_ Class 5

- 7. Organization form of proposed International Insurer (please check one):

a. \_\_\_ Stock    b. \_\_\_ Mutual      c. \_\_\_ Reciprocal

- 8. If the form of proposed International Insurer is reciprocal, please provide the name of its attorney-in-fact and the address of the main office of said representative in Puerto Rico:

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- 10. Is proposed International Insurer a (please check one): Direct Write \_\_\_  
Reinsurer \_\_\_ or Both \_\_\_

INTERNATIONAL INSURER APPLICATION FOR ADMISSION

11. Principal office/place of business of proposed International Insurer:

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12. Location of Books and Records of the proposed International Insurer:

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13. Name and address of proposed International Insurer's Principal Representative (**must be a resident of Puerto Rico**). **Biographical Affidavit must be provided for such person. Use FORM CIS-005 for this purpose. Attach evidence of acceptance and appointment of this person:**

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14. Name and address of proposed International Insurer's auditor/accountant (must be selected from the Commissioner's list of approved auditors/accountants for International Insurer business). **Attach evidence of acceptance and appointment of this person or entity:**

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15. Name and address of proposed International Insurer's actuary:

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16. Names of Directors of the proposed International Insurer and its ultimate Controlling Person. **Biographical Affidavits must be provided for each Director. Use FORM CIS-005 for this purpose.**

INTERNATIONAL INSURER APPLICATION FOR ADMISSION

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\_\_\_\_\_  
\_\_\_\_\_

17. Names of Executive Officers of the proposed International Insurer and its ultimate Controlling Person. Please use a separate sheet, if necessary, to list all such executive officers. **Biographical Affidavits must be furnished for all such officers. Use FORM CIS-005 for this purpose.**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

18. Has the ultimate Controlling Person ever directly or indirectly sponsored an application for authorization of a Captive Insurer in another domicile(s)?

Yes \_\_\_\_ No \_\_\_\_

If yes, please provide details: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

19. Has the parent or sponsor ever been involved in a Captive, Rent-a-Captive or other form of self-insurance?

Yes \_\_\_\_ No \_\_\_\_

If yes, please provide details: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

20. Please provide any information of any business other than insurance business which the proposed International Insurer proposes to carry on:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**INTERNATIONAL INSURER APPLICATION FOR ADMISSION**

21. Proposed start-up date: \_\_\_\_\_

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**SECTION B: ORGANIZATION INFORMATION**

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1. Provide a certified copy of the resolution of the Board of Directors or other governing body, authorizing the International Insurer to transact insurance business pursuant to Chapter 61 of the Puerto Rico Insurance Code and designating the officer or officers of the insurer who will have the authority to report, to the Commissioner, from time to time, regarding matters to which it will act on behalf of the insurer.
2. Provide a copy of the Articles of Incorporation of the International Insurer, duly authenticated by the office where the originals are on file.
3. Provide a copy of the Bylaws, if any, certified by the International Insurer's president or secretary.
4. Provide copies of all Agreements between the International Insurer and those which will provide the International Insurer with management or other similar services.
5. Provide an organizational chart of the applicant, including its ultimate holding company, its parent company and its subsidiaries and affiliates. Indicate the name of the stockholders of said ultimate holding company and ownership interests of the International Insurer and all of its affiliates.

If a Branch of an International Insurer, provide the following:

6. A copy of the insurer's financial statements for its most recent fiscal year.
7. A copy of the most recent examination report, if any, of the insurer, certified by the insurance supervisory officer in the place of domicile of the insurer.
8. A certification by the insurance supervisory officer in the place of domicile of the insurer, stating the classes of insurance that it is authorized to transact.
9. A certification duly signed by the Chief Executive Officer of the insurer, by which the insurer accepts the jurisdiction of the courts of Puerto Rico in

**INTERNATIONAL INSURER APPLICATION FOR ADMISSION**

civil actions in compliance with the requirements of Articles 3.270 and 61.050(2)(h)(iv) of the Code. Please use FORM CIS-007 for this purpose.

INTERNATIONAL INSURER APPLICATION FOR ADMISSION

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**SECTION C: FINANCIAL INFORMATION**

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1. Capitalization (if Stock Company, provide a copy of the Stockholder Register).

a. Amount of Paid-In Capital: \$ \_\_\_\_\_

b. Type(s) of Stocks to be authorized: Number of Shares:

(1) \_\_\_\_\_

(2) \_\_\_\_\_

c. Par Value of Each Share by Type: Selling Price:

(1) \$ \_\_\_\_\_ \$ \_\_\_\_\_

(2) \$ \_\_\_\_\_ \$ \_\_\_\_\_

2. Funding (if Mutual or Reciprocal Company):

Amount of Contributed Surplus to Policyholders: \$ \_\_\_\_\_

3. Capital and/or Surplus:

Initial Capital: \$ \_\_\_\_\_

Initial Surplus: \$ \_\_\_\_\_

Total: \$ \_\_\_\_\_

If Letter(s) of Credit is (are) used for Capitalizing/Funding International Insurer, please provide a clean, irrevocable, unconditional and evergreen Letter of Credit which:

a. Shall be issued and confirmed by a qualified United States financial institution, as specified in Article 6.020(9) of the Code and shall comply with the requirements set forth by the Commissioner in Rule No. 80.

INTERNATIONAL INSURER APPLICATION FOR ADMISSION

b. Shall follow FORM CIS-004 - Irrevocable Letter of Credit Form included in the application package.

i. Amount(s): \$ \_\_\_\_\_

ii. Names of Bank(s): \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

4. Provide an initial financial statement showing assets, liabilities, sources and type of financial support, signed under oath by the International Insurer's president and secretary.
5. If financials have been audited by an independent certified public accountant, provide a copy of the most recent certified financial statement.
6. Provide a statement outlining accrued organizational expenses at application date.

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**SECTION D: SUPPORTING INFORMATION AND ATTACHMENTS**

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Please provide a Business Plan with the application including the following:

1. Feasibility Study prepared by a qualified, independent actuary.
2. Explanation of Reinsurance Program.
3. Supporting data including:
  - a. Type of risks to be insured (direct, assumed, and ceded) by line of coverage.
  - b. Expected gross annual premium of program broken down by line of coverage.
  - c. Expected net annual premium income broken down by line of coverage.
  - d. If applicant is seeking authorization for Captive operations, name(s) of current carrier(s) for applicable coverage(s). Include copies of in-force Declaration Page(s) for both primary (property and casualty) and excess (umbrella) coverage(s).
  - e. If applicant is seeking authorization for Captive operations, loss experience for past five years of applicant's proposed coverages. Provide hard copy Claims and Loss Exhibits from insurance carriers. Describe all claims in excess of \$100,00, and what corrective action has been taken to help prevent a reoccurrence.
  - f. Five year financial projections (Pro-Forma) on an expected and worse case scenario basis.
  - g. Proposed maximum retained risk (per loss and annual aggregate).
  - h. Who is responsible for loss prevention and safety activities. Enclose copy of Risk Management Program, including Safety and Quality Control Manuals.

**INTERNATIONAL INSURER APPLICATION FOR ADMISSION**

- i. Copy of Anti-Money Laundering Program, including all related manuals.
- j. Investment Policy.
- k. Plans for distribution of dividends and other funds (other than ordinary operating expenses).
- l. If applicant is seeking authorization for Captive operations, complete copies of proposed coverage(s) form(s).
- m. If applicant is seeking authorization for a Class 2 International Insurer, please give history, purpose and size of association membership.

INTERNATIONAL INSURER APPLICATION FOR ADMISSION

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**SECTION E: FEES**

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	<u>FEE</u>	<u>AMOUNT</u>
1.	Basic Application Fee	\$350.00
2.	Class 1 Authority	\$750.00
3.	Class 2 Authority	\$1,000.00
4.	Class 3 Authority	\$2,500.00
5.	Class 4 Authority	\$25,000.00
6.	Class 5 Authority	\$750.00

You must also pay an annual charge at the date of original authorization and at the date of each renewal on July 1<sup>st</sup> of each year, pursuant to the provisions of Article 12 of Rule No. 80. The initial charge is calculated based on value of the premiums written and/or assumed as follows:

	<u>PREMIUMS WRITTEN/ASSUMED</u>	<u>AMOUNT</u>
1.	No more than \$25,000,000	\$5,000.00
2.	More than \$25,000,000 but less than \$50,000,000	\$10,000.00
3.	More than \$50,000,000 but less than \$75,000,000	\$20,000.00
4.	More than \$75,000,000 but less than \$100,000,000	\$35,000.00
5.	More than \$100,000,000 but less than \$150,000,000	\$50,000.00
6.	More than \$150,000,000 but less than \$250,000,000	\$65,000.00

INTERNATIONAL INSURER APPLICATION FOR ADMISSION

7. More than \$250,000,000 \$75,000.00

INTERNATIONAL INSURER APPLICATION FOR ADMISSION

SECTION F: CERTIFICATION

I certify that the information given in this application is true and correct and that all estimates given are true estimates based upon the facts that have been carefully considered and assessed. Furthermore, I affirm that pursuant to Article 61.050(9), the proposed International Insurer shall notify the Commissioner in an expedited manner and in writing, of any change in the information submitted as part of this application within ten (10) days of said change.

If applicant is a Protected Cell International Insurer, I further acknowledge that all financial records of the Protected Cell Company, including records pertaining to protected cells, shall be available for inspection or examination by the Commissioner or the Commissioner's designee.

Name: \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
(DIRECTOR)

Affidavit No. \_\_\_\_\_

Personally appeared before me the above named \_\_\_\_\_ personally known to me, who, being duly sworn, deposes and says that he/she executed the above instrument and that the statements and answers contained therein are true and correct to the best of his/her knowledge and belief.

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
NOTARY PUBLIC