



COMMONWEALTH OF PUERTO RICO
OFFICE OF THE COMMISSIONER INSURANCE

Fermín M. Contreras Gómez
Commissioner of Insurance

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CIRCULAR LETTER NO. C-L-12-1670-2002

TO ALL DOMESTIC INSURERS, AGENTS, AND GENERAL AGENTS OF FOREIGN INSURERS AUTHORIZED TO CONTRACT VARIABLE LIFE INSURANCE AND VARIABLE ANNUITIES IN PUERTO RICO AND ALL INSURANCE BROKERS

RE: New requirements established by the U.S. Securities and Exchange Commission regarding the disclosure of information about variable annuity products and variable life insurance policies issued by insurers

Dear Sirs and Madams:

On November 13, 2002, the U.S. Securities and Exchange Commission (the SEC) approved certain amendments to the registration forms for insurers that offer variable annuity contracts and variable insurance products under the Securities Exchange Act of 1934 and the Investment Company Act of 1940.

The purpose of these amendments is to require that insurers disclose to their clients the scale of total expenses related to variable annuity and variable life insurance products. The amendments also require that information related to expenses for costs and fees be placed in a specific area of the variable life insurance forms and of the variable annuity contracts.

Specifically, the registration forms that were amended are the following:

- 1. Form N-4** - Registration form for separate accounts of insurers that are registered as investment trusts that offer variable annuity contracts. The amendment revises the table of fees established in Form N-4 to require the disclosure of total expenses related to mutual funds offered under a variable annuity contract, instead of requiring separate disclosure of expenses of each fund, as required in the current version of the form.

2. **Form N-6** - Registration form for separate accounts of insurers that are registered as unit investment trusts that offer variable life insurance policies. The aforementioned amendment modifies the table of fees on Form N-6 to require the disclosure of the scale of total expenses related to all mutual funds that are offered through a variable life insurance policy.

The SEC requires strict compliance with the aforementioned amendments in filing all Forms N-4 and N-6, beginning on January 1, 2003.

This Circular Letter shall be considered to be notice of the amendments to the registration forms adopted by the SEC for the disclosure of information related to the scale of expenses associated with mutual funds that are offered through a variable annuity contract or a variable life insurance policy issued by an insurer. The SEC press release, as well as Forms N-4 and N-6, as amended, will be available on our website: www.ocs.gobierno.pr.

All domestic insurers, agents, and general agents of foreign insurers that are authorized to contract variable life insurance and variable annuities in Puerto Rico and insurance brokers shall take note of the content of this Circular Letter.

Very truly yours,

SIGNED

Fermín M. Contreras-Gómez
Commissioner of Insurance