



COMMONWEALTH OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF INSURANCE

December 15, 2015

CIRCULAR LETTER NO.: CC-2015-1871-EX

TO ALL DOMESTIC INSURERS AUTHORIZED TO TRANSACT PROPERTY
INSURANCE BUSINESS

CATASTROPHE LOSS RESERVE

Dear Sirs and Madams:

Section 25.030 of the Puerto Rico Insurance Code contains provisions under which domestic insurers must establish a catastrophe loss reserve, hereinafter “the reserve”. The Section requires, among other things, that all domestic insurers calculate the reserve annually by applying the rate that the Commissioner may determine from time to time to the direct net premium. The reserve that is calculated by this method will be added to the reserves that were established in prior years.

Pursuant to paragraph (2) of Section 25.030 of the Puerto Rico Insurance Code, we have established that for 2015 the rate will be one percent (1%). The information for determining the net direct premium to which the rate will be applied will be included on page 19 (*Statutory Page 14*) of the insurer’s annual report for 2015. The following ratios will be used to determine direct net premium, by insurance coverage:

Coverage	% Written Premium - 2015
1. Fire	100%
2. Earthquake	100%
3. Multiple Commercial Risk (“Non-Liability”)	100%
4. Homeowner’s Multiple Risk	85%
5. Other Allied Lines	75%
6. Material Damage to Automobiles	2%
7. Land Transportation	85%
8. Maritime Risk	75%

The amount of one percent (1%) that will constitute the contribution to the reserve and the amount of assets to be deposited in the Catastrophe Reserve Trust will be applied to the product of adding all of the amounts obtained individually by applying the aforementioned percentages to the premium of each coverage, as appropriate.

We remind you that under paragraph (1) of Section 25.040 of the Puerto Rico Insurance Code, insurers shall have deposited with the trustee funds that are equivalent to this reserve no later than January 31, 2016. With regard to the manner of presenting and accounting for the reserve, the provisions of Rule 72 of the Regulations of the Puerto Rico Insurance Code, as amended, shall be followed, as well as 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, 2011, that are not contrary to the provisions of the Rule.

Strict compliance with the provisions of this Circular Letter is hereby ordered.

Very truly yours,

SIGNED

Ángela Weyne-Roig
Commissioner of Insurance