



COMMONWEALTH OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF INSURANCE

May 26, 2016

CIRCULAR LETTER NO.: CC-2016-1886-AF

**TO ALL INSURERS AUTHORIZED TO WRITE INSURANCE IN
PUERTO RICO AND SURPLUS LINES GENERAL AGENTS AND
BROKERS**

**NEW PROCEDURES FOR ELECTRONIC MANAGEMENT OF SURPLUS LINES
PROCEDURES**

Dear Sirs and Madams:

The Office of the Commissioner of Insurance, hereinafter the "OCI," modified the surplus lines procedures in order to maximize the efficiency of the transactions and business between surplus lines brokers, insurers that are authorized to write insurance in Puerto Rico, and the OCI. For this purpose, the OCI implemented a new electronic application through the online services portal that is accessible from our website.

This application will be available on July 1, 2016, and through this application our surplus lines brokers and authorized insurers or their representatives will be able to register all of the transactions of the surplus lines process, such as circulation of risk and data entry needed to generate the different reports.¹

For the benefit of the users and before putting the application into effect, the OCI will carry out a training/workshop at which guidelines will be provided for using the application.

We advise you that once the new application is in effect, all surplus lines brokers will be responsible for using the application as the sole means for transacting the circulation of surplus lines risk. Likewise, authorized insurers should use the application to respond to the circulation of surplus lines risk. We also require that all communication between brokers and authorized insurers should be carried out through the online portal.

¹ Annual Loss Report for Surplus Lines Insurance (IAP), Sworn Statement and Loss Report (IA), Report of Circulated Risk Not Placed in the Surplus Lines Market (IC), and the Sworn Statement and Report of the Surplus Lines Broker (I).

It is important to clarify that this application will not eliminate the need for strict compliance with the provisions of Chapter 10 of the Puerto Rico Insurance Code and Rule 28 of the Regulations of the Code, particularly Sections 10.080, 10.130, and 10.131 of the Code and Sections 3 and 5 of Rule 28, with regard to filing the corresponding reports with this Office, the payment of the tax on the established dates, and compliance with the additional bond where the option of annual payment of the surplus lines tax was chosen. As you know, all brokers that use the annual method for the surplus lines tax must comply with Section 3 (c) of Rule 28, *supra*, to maintain the 10% bond for the surplus lines premium tax. This guarantee bond or certificate of deposit will be different from the bond required for obtaining the surplus lines insurance broker license as provided in Section 10.110(3) of the Puerto Rico Insurance Code.

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

Very truly yours,

SIGNED

Ángela Weyne-Roig
Commissioner of Insurance