

Government of Puerto Rico  
**OFFICE OF THE COMMISSIONER OF INSURANCE OF PUERTO RICO**  
Guaynabo, Puerto Rico

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*Approved:* Hon. Luis G. Rivera-Marín  
Secretary of State

/s/  
Felix Vega-Fournier  
Assistant Secretary  
Department of State  
Government of Puerto Rico

AMENDMENT TO RULE NUMBER 97 OF THE REGULATIONS  
OF THE INSURANCE CODE OF PUERTO RICO

REINSURANCE INTERMEDIARIES

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REINSURANCE INTERMEDIARIES

**SECTION 1.- AUTHORITY**

The Commissioner of Insurance of Puerto Rico adopts this amendment to Rule Number 97 of the Regulations of the Puerto Rico Insurance Code, Regulation No. 8641 of the Department of State of Puerto Rico, "Reinsurance Intermediaries," pursuant to the capacities vested by Sections 2.030 and 9.024 of Act No. 77, enacted on June 19, 1957, as amended, the Puerto Rico Insurance Code, as well as Act No. 38, enacted on June 30, 2017, as amended, the "Uniform Administrative Procedure Act of the Government of Puerto Rico."

**SECTION 2. - PURPOSE AND SCOPE**

Section 5 of Rule No. 97 is amended for the purpose of updating its provisions and aligning them with the regulatory standards promulgated by the National Association of Insurance Commissioners (NAIC) in the "Reinsurance Intermediary Model Act".

**SECTION 3. -STATEMENT OF NEED AND PURPOSE**

The NAIC Reinsurance Intermediary Model Act sets out uniform standards for reinsurance intermediaries which further reciprocity between the states, pursuant to the provisions of the federal Gramm-Leach-Bliley Act of 1999. Rule Number 97 adopts the provisions of the model act, which include the licensing requirements for reinsurance intermediaries in Section 5 of the rule.

However, the current language of that Section does not accurately reflect the uniform provisions regarding licensing in the model act.

The provisions of this amendment to Rule Number 97 are necessary for updating the licensing requirements for reinsurance intermediaries to be authorized or continue to be authorized to act as reinsurance intermediary producers or managers, to fully reflect the uniform regulatory standards in the NAIC model, establishing thereby the necessary legal framework to foster reciprocity with other jurisdictions and stimulating a more innovative and competitive market in the reinsurance business.

**SECTION 4. - AMENDMENT TO SECTION 5 OF RULE NO. 97**

Section 5 of the Rule No. 97 is amended to read as follows:

**"SECTION 5.- LICENSE REQUIRED**

A. No person, firm, partnership, association, or corporation may act as a reinsurance intermediary producer in Puerto Rico, unless:

- (1) If the place of business is in Puerto Rico, whether directly or as a member or employee of a firm or association, or as an officer, director or employee of a corporation, such holds a license to act as a reinsurance intermediary producer duly issued by the Commissioner; or
- (2) If the place of business is in another State, whether directly or as a member or employee of a firm or association, or as an officer, director or employee of a corporation, such holds a license to act as a reinsurance intermediary producer duly issued by the Commissioner, or by the corresponding official of the other State, provided that such State has a regulation that is similar to this Rule.

B. No person, firm, partnership, association or corporation may act as a reinsurance intermediary manager:

- (1) If for a reinsurer domiciled in Puerto Rico, without holding a license to act as a reinsurance intermediary manager duly issued by the Commissioner; or

(2) If in Puerto Rico and maintains its place of business in Puerto Rico, whether directly or as a member or employee of a firm or association, or as an officer, director or employee of a corporation, without holding a license to act as a reinsurance intermediary manager duly issued by the Commissioner.

C. The reinsurance intermediary manager shall post as security for the ceding insurer a bond in the amount of \$100,000.00, or alternatively, maintain a professional liability policy issued by an authorized insurer which will be for an amount equal to or greater than the bond, subject to approval by the Commissioner.

D. Applicants for a reinsurance intermediary producer or a reinsurance intermediary manager license shall complete and submit to the Commissioner the license application in the manner authorized by the OCI and as a condition for being authorized or continuing to be authorized must pay the fee for the examination application and the annual license contribution, as set forth below:

(1) Application for a reinsurance intermediary producer license for Puerto Rico residents:

(a) License examination: \$150.00 for examination application;

(b) Annual contribution:

(i) Individuals: \$525.00.

(ii) Firms, associations, partnerships, or corporations with a written premium volume produced of less than one million dollars: \$1,051.00.

(iii) Firms, associations, partnerships, or corporations with a written premium volume produced of one million dollars or more: \$2,103.00.

(2) Application for a reinsurance intermediary manager license for Puerto Rico residents:

(a) Examination for license: \$150.00 for the application for the examination;

(b) Annual examination:

(i) If representing two (2) or fewer ceding insurers: \$1,051.00.

(ii) If representing more than two (2) ceding insurers: \$5,257.00.

(3) Non-resident reinsurance intermediary producer or reinsurance intermediary manager:

(a) Annual contribution: \$831.00.

E. Before the reinsurance intermediary producer or reinsurance intermediary manager license is issued, each applicant shall take and pass to the satisfaction of the Commissioner an examination given under the direction of the Commissioner as evidence of the applicant's qualification and competence. This requirement will not be applicable for:

- (1) Applicants who are residents of Puerto Rico who within the five (5) years immediately preceding the date of the application, have been authorized to act as a reinsurance intermediary producer or manager in Puerto Rico;
- (2) An applicant who is not a resident of Puerto Rico who on the date of filing the application holds a reinsurance intermediary producer or a reinsurance intermediary manager license issued in the State or jurisdiction of the United States of origin, subject to such State or jurisdiction issuing a certificate of good standing showing that the applicant does not have any pending matter that could result in the denial, revocation, or suspension of such license; that such State or United States jurisdiction of origin of the applicant has adopted regulations for licensing reinsurance intermediaries that are substantially similar to those promulgated by the National Association of Insurance Commissioners (NAIC) and they extend a similar privilege to residents of Puerto Rico; and the applicant complies with the provisions of Section 9.260 of the Puerto Rico Insurance Code and with the applicable provisions of this Rule; or
- (3) The Commissioner, as a substitute for the requirement of taking and passing an examination, may waive such a requirement for applicants who have a designation or certification in the insurance business, such as *Chartered Property Casualty Underwriter (CPCU)*, *Associate in Reinsurance (ARe)*, *Associate Reinsurance Administration (ARA)*, *Commercial Lines Coverages Specialist (CLCS)*, *Accredited Advisor in Insurance (AAI)*, *Certified Insurance*

*Life Management Institute (FLMI), Life Underwriter Training Council Fellow (LUTCF), Associate in Insurance Accounting and Finance (AIAF)* or any other designation or certification which to the satisfaction of the Commissioner is evidence of the qualification and competence to hold the reinsurance intermediary producer license.

F. (1) Any license issued to a firm or association will authorize all of the members of the firm or association and any employee designated to act as reinsurance intermediaries under the license and such persons will be listed on the license application and any supplementary document thereto. Licenses issued to corporations will authorize all of its officers, any designated employee, and the directors of the corporation to act as reinsurance intermediaries on behalf of the corporation, and all such persons will be listed on the license application and any supplement thereto.

(2) The Commissioner may issue a non-resident reinsurance intermediary license if:

(a) The applicant holds a reinsurance intermediary license in good standing from the State or jurisdiction of domicile;

(b) The applicant submits the application established by the Commissioner along with payment of the fees set forth in this Section;

(c) In the State or jurisdiction of domicile of the applicant residents of Puerto Rico are granted a non-resident reinsurance intermediary license under standards that are substantially similar to those promulgated by the National Association of Insurance Commissioners (NAIC);

(d) If the applicant is a legal entity, the entity must also comply with the following requirements:

(i) Be organized under the laws of a State or jurisdiction of the United States and hold a reinsurance intermediary license;

- (ii) Show evidence of being duly registered and authorized under the laws of Puerto Rico to do business in Puerto Rico; and
- (iii) Designate the person residing in Puerto Rico as the person in charge of matters related to the transactions in Puerto Rico.

G. Authorized producers or representatives may not solicit, negotiate, or place risk in reinsurance, or charge any commission or compensation whatsoever, without a reinsurance intermediary license or being authorized by a duly licensed entity to act as a reinsurance intermediary and meeting the requirements as though they were individual licensees. The placement of risk in reinsurance without holding a reinsurance intermediary license will entail the imposition of sanctions or penalties as provided in Section 12 of this Rule.

H. Attorneys that are authorized to practice the profession in Puerto Rico, when acting professionally as such, shall be exempted from the licensing requirement.

**SECTION 5. - SEVERABILITY**

If any word, sentence, paragraph, heading, section or part of this amendment were found to be null or invalid by a court of competent jurisdiction, such order will not affect or invalidate the remaining provisions of this Rule and its effect shall be limited to that word, sentence, paragraph, heading, section or part that was found to be null and void.

**SECTION 6.- EFFECT**

The provisions of this amendment will enter into effect thirty (30) days after filing with the Department of State of Puerto Rico, as provided in Act No. 38, supra.

/s/  
JAVIER RIVERA-RIOS  
COMMISSIONER OF INSURANCE

Date of approval: February 5, 2019

Date of Filing with the  
Department of State:

Date of Filing at the  
Legislative Library: