



COMMONWEALTH OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF INSURANCE

May 26, 2016

RULING LETTER NO.: CN-2016-201-AF

TO ALL SURPLUS LINE BROKERS

COMPULSORY BOND FOR SURPLUS LINES BROKERS WHO PAY THE PREMIUM TAX FOR EXCESS LINES ON AN ANNUAL BASIS

Dear Sirs and Madams:

Under Section 3 of Rule 28 and Section 10.130 (1)(2) of the Puerto Rico Insurance Code, the Code, all surplus lines brokers are required to file a report and pay a premium tax on surplus lines insurance within sixty (60) days of the end of each calendar year.

There are currently two (2) alternatives for filing this report. The first alternative is to file the report and pay the tax within 60 days, to be counted from the date on which the surplus lines policy or binder enters into effect. The second alternative is to file a report with all of the surplus lines insurance placed during the calendar year, along with a lump sum payment for the corresponding tax, as provided in Section 10.130(2) of the Insurance Code and Sections 3 and 5 of Rule 28. With regard to the alternative that allows for filing a report with all of the surplus lines insurance, along with a lump sum payment of the tax, Section 3(c) of the Rule sets forth the requirement of having a guarantee bond or certificate of deposit with the Secretary of the Treasury of the greater between ten percent (10%) of the total surplus lines insurance during the previous calendar year and twenty-five thousand dollars (\$25,000).

It is important to emphasize that this bond does not substitute nor is it equivalent to the bond required for obtaining the Surplus Lines Broker license as provided in Section 10.110(3) of the Insurance Code.

In order to determine that the surplus lines brokers that are using the second alternative maintain the bond required under Section 3(c) of Rule 28 of the Insurance Code Regulations, we require that from the date of this letter brokers pay the additional bond at the time of filing the annual report with this Office.

Strict compliance with the provisions of this letter is hereby required. Failure to do so will be deemed to be a violation of an order of this Office, which will entail the respective sanctions.

Very truly yours,

SIGNED

Ángela Weyne-Roig
Commissioner of Insurance