

March 10, 2005

CIRCULAR LETTER NO: C-ES-3-1734-2005

TO ALL FOREIGN INSURERS AUTHORIZED TO TRANSACT TITLE INSURANCE
BUSINESS IN PUERTO RICO

2004 ANNUAL STATEMENT AND RELATED ITEMS

Dear ladies and gentlemen:

Section 3.310(1) and (2) of the Insurance Code of Puerto Rico, 26 L.P.R.A. Section 331 (1) and (2), stipulates the following:

"(1) Each authorized insurer shall annually, **before the thirty-first day of March**, file with the Commissioner a true statement of its financial condition, transactions, and affairs as of the December 31st preceding. The statement shall be on forms as prescribed by the Commissioner, shall contain information as required by this Code and by the Commissioner, and shall be verified by the oath of at least two of the insurer's principal officers. The annual statement of a reciprocal or Lloyd's insurer shall be verified by his attorney-in-fact.

(2) The annual statement of a foreign insurer not formed in the United States but authorized to transact insurance in a state of the United States, may relate only to its assets, transactions, and affairs in the United States and Puerto Rico (and including, at the insurer's option, the Virgin Islands and the Canal Zone) unless the Commissioner requires otherwise. The statement may be verified by the insurer's United States manager or by its officers duly authorized." (Emphasis supplied).

Pursuant to the aforesaid section, the annual statement for calendar year ending December 31, 2004, must be filed in this Office **on or before March 30, 2005**. The same must be presented in the official form approved by the National Association of

Insurance Commissioners with all the schedules, supplements and reports required, including the Management's Discussion and Analysis. For more details about the Annual Statement required filings visit our web page at www.ocs.gobierno.pr/forms/ia.htm and click at 2004 Title Annual Report Package. In this page it is the 2004 Title Checklist to obtain the reports and supplements required by NAIC and this Office.

Foreign insurers **organized** in the United States, or with port of entry in one of the states of the United States, do not have to submit to this Office the full hard copy and electronic filing of the annual statement. Nevertheless, in order to comply with the aforementioned provisions, instead of said filing, these foreign insurers shall submit a hard copy of the following filings:

1. Affidavit of Filing and Financial Statement Attestation
2. Certificate of Deposit
3. Certificate of Investments in Puerto Rico Securities

Foreign insurers **not organized** in the United States that do not file electronically in the NAIC, must submit a hardcopy of their annual statements. In accordance with the provisions of Section 3.310(2), cited above, all such foreign insurers that elect to file an annual statement pertaining only to their United States business, must also include the information regarding their Puerto Rico affairs and transactions. In addition, these foreign insurers are required to submit State Page, Direct Business in the Commonwealth of Puerto Rico.

Every insurer that does not maintain with the Secretary of the Treasury of Puerto Rico, through this Office, the deposit requested in Section 3.130 of the Insurance Code of Puerto Rico for the protection of all its policyholders and creditors in Puerto Rico and whose State of domicile is a reciprocal state concerning such deposit requirement, shall submit a certification issued by the public official invested with the authority to supervise the insurance business in such State, showing that a deposit from such insurer is being held in trust by the State for said purposes.

Annual filings must follow all established instructions as specified in the *NAIC Annual Statement Instructions*. For more information regarding annual filings, please visit the NAIC web site at http://www.naic.org/financial_statement_filing/index.htm.

Strict compliance with the aforesaid provisions is hereby required.

Cordially,

Dorelisse Juarbe Jiménez
Commissioner of Insurance