

Section 1. By virtue of the provisions of Section 2.040 of the Insurance Code of Puerto Rico, I hereby notify the Insurance Industry, the insurance consumer and the general public, of the enactment of Rule LI of the Regulations of the Insurance Code of Puerto Rico which provides the following:

RULE LI

DEPOSITS IN FINANCIAL INSTITUTIONS

Legal Authority: Sections 2.040 and 27.100

Section 1. Under no circumstance and by no means, no insurer shall have on deposit in a bank, financing company, savings and loan association, trust company, or any other institution engaged in the business of lending money in Puerto Rico:

- (a) Amounts in current accounts exceeding those required to draw on them disbursements corresponding to the insurer's normal and customary operations, in an amount exceeding the coverage of the Federal Deposit Insurance Corporation.
- (b) Amounts in fixed deposits with such institutions of those described above, which place with the insurer risks which, directly or indirectly, stem from or are generated by the lending activity of said institution, or any of its subsidiaries or affiliated institutions, unless the yield rate actually paid by such institutions for said deposits is not less than the average marked yield prevailing at the time said deposit is made.

Section 2. In order to verify the compliance with the provisions of this Rule, every insurer shall:

- (a) Keep in its files, for future inspection by the Office of the Commissioner of Insurance,

evidence of the different rates offered at the time the deposit referred to under Section 1(b) of this Rule is made, of at least five (5) of the institutions described in said Section, and

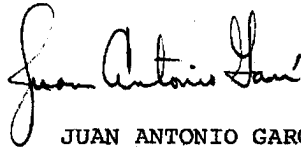
(b) report separately the amounts maintained in current accounts and fixed deposits. Said report must be presented and included together with the annual report, as required by Section 3.310 of the Insurance Code of Puerto Rico, detailing the balances at the end of each month during the calendar year.

Section 3. Failure to comply with this Rule shall be deemed as an unfair practice of competition.

Section 2. This Rule shall be effective five days after the publication in a newspaper of general circulation, once a week, for two consecutive weeks, of a notice to the effect that such Rule has been approved. Provided that those insurers who, as of the effective date of this Rule, do not comply with it, shall be granted a three months period, from the date of approval, to comply with its provisions.

Approved on:

November 22, 1982



JUAN ANTONIO GARCIA
COMMISSIONER OF INSURANCE