

Mandatory Securities Valuation Reserve

Legal Authority: Section 5.030

Section 1.-Every life insurer duly authorized in Puerto Rico shall establish an adequate reserve to face possible losses in its investment in bonds and stocks due to market price fluctuations or similar causes. Such reserve, which shall be known as Mandatory Securities Valuation Reserve, shall be established by an allocation from unassigned surplus and shall constitute a liability of the insurer in its balance sheet.

Section 2.-The Mandatory Securities Valuation Reserve shall be computed following the standards and procedures established by the National Association of Insurance Commissioners for the computation of such reserve, as prescribed in the annual publication "Valuation of Securities" of said Association.

Section 3.-This rule shall not be applicable to a foreign insurer not organized under the laws of a state of the United States, but which is authorized to transact insurance in one or more of such states.