

Commonwealth of Puerto Rico
OFFICE OF THE INSURANCE COMMISSIONER

RULE NUM. 83

[Stamped:
DEPARTMENT of STATE
Number: 7645
Date: December 23, 2008
Approved: Hon. Fernando J. Bonilla
Secretary
By: (Signed)
Francisco José Martín Caso
Assistant Secretary for Services]

TABLE OF CONTENTS

ARTICLE 1. GENERAL PROVISIONS	1
SECTION 1. LEGAL BASIS	1
SECTION 2. PURPOSE	1
ARTICLE 2. DEFINITIONS	2
ARTICLE 3. FORMS	4
SECTION 1. GENERAL REQUIREMENTS	4
SECTION 2. INCORPORATION BY REFERENCE, SUMMARIES AND OMISSIONS	5
SECTION 3. UNKNOWN OR UNAVAILABLE INFORMATION AND EXTENSION OF TIME TO FURNISH SUCH	5
SECTION 4. ADDITIONAL INFORMATION AND ATTACHMENTS	5
ARTICLE 4. CHANGE OF CONTROL OR MERGER OF A DOMESTIC INSURER OR HEALTH SERVICES ORGANIZATION .. .	6
SECTION 1. PRIOR NOTICE OF ACQUISITION	6
SECTION 2. CHANGE OF CONTROL OR MERGER - REQUIREMENTS ...	6
SECTION 3. EXCEPTION	6
ARTICLE 5. REGISTRATION OF HOLDING COMPANIES	7
SECTION 1. ORIGINAL REGISTRATION	7
SECTION 2. AMENDMENTS TO FILED REGISTRATION	8
SECTION 3. ALTERNATE REGISTRATION	8

SECTION 4. DISCLAIMER AND TERMINATION OF REGISTRATION.....	9
ARTICLE 6. TRANSACTIONS SUBJECT TO DISAPPROVAL	9
SECTION 1. TRANSACTIONS REQUIRING DISCLOSURE AND SUBJECT TO DISAPPROVAL.....	9
SECTION 2. DENIAL OF APPROVAL OF SUBMITTED TRANSACTIONS	11
ARTICLE 7. PENALTIES	12
ARTICLE 8. POWERS OF THE COMMISSIONER.....	12
ARTICLE 9. SEVERABILITY	13
ARTICLE 10. EFFECT	13
FORM A	14
FORM B.....	19
FORM C.....	24
FORM D	26
FORM E	32

**COMMONWEALTH OF PUERTO RICO
OFFICE OF THE INSURANCE COMMISSIONER
GUAYNABO, PUERTO RICO**

RULE NUM. 83

**STANDARDS AND PROCEDURES TO REGULATE
INSURERS AND HEALTH SERVICES ORGANIZATIONS
AND CRITERIA FOR EVALUATING CHANGES IN CONTROL**

ARTICLE 1- GENERAL PROVISIONS

SECTION 1- LEGAL BASIS

The Office of the Insurance Commissioner of Puerto Rico adopts Rule No. 83 of the Regulations of the Puerto Rico Insurance Code, under the provisions of Articles 2.040, 29.200(6) and 34.191 of Public Law No. 77, enacted on June 19, 1957, as amended, known as the Puerto Rico Insurance Code, and the provisions of Public Law No. 170, enacted on August 12, 1988, known as the Uniform Administrative Procedures Act.

SECTION 2 - PURPOSE

This Rule is adopted for the purpose of establishing the standards and procedures that the Office of the Insurance Commissioner will use to regulate the activities of *Insurer and Health Services Organization Holding Company Systems* operating in Puerto Rico, and to establish the criteria to be used by the Office of the Insurance Commissioner to approve or refuse to approve any transaction that may constitute a change in control of a domestic insurer or health services organization, pursuant to the provisions of Article 29.200 of the Puerto Rico Insurance Code, and to identify, restrict, and prevent all activities or transactions of said systems that may endanger the financial stability of any insurer or affiliated health services organization. The information required under this Rule is necessary and appropriate for the adequate regulation of the insurance industry and the protection of the public interest, especially that of policyholders in Puerto Rico.

ARTICLE 2 - DEFINITIONS

- A. "Affiliate" - means an entity that directly, or indirectly through any of its intermediaries, controls or is controlled by or is under the control of a specific entity.
- B. "Insurer" - shall have the same meaning as set forth in Article 1.030 of the Insurance Code, except that the entities mentioned in Article 1.070 of the Code shall be excluded as well as international insurers and their respective holding companies under Chapter 61 of the Insurance Code.
- C. "Code" - means Public Law No. 77, enacted on June 19, 1957, as amended, known as the Puerto Rico Insurance Code.
- D. "Commissioner" - means the Insurance Commissioner of Puerto Rico.
- E. "Principal Company" - means an insurer or health services organization, organized in Puerto Rico, whose surplus is higher than that of the other insurers and health services organizations affiliated in an Insurer or Health Services Organization Holding Company System.
- F. "Control" (includes the terms "controls" and "controlled by") - shall have the meaning set forth in Article 6.020(15) of the Code.
- G. "Extraordinary Dividends or Extraordinary Distributions" includes any dividend or distribution of cash or other assets, having a market value added to the value of other dividends or distributions made in the past 12 months, above an amount that is the lesser of:
 - 1. Ten percent of the insurer's surplus as of the 31st of December next preceding; or
 - 2. The net profit of the life insurance carrier or the net income of any kind of the insurer or health services organization, except capital gains for the calendar year ending on the 31st of December next preceding. This amount shall not include the prorated distribution of any class of securities of said insurer.In determining whether a dividend or distribution is extraordinary, an insurer, other than a life insurer, may bring forward the net income of the last two years that has not been disbursed as dividends. In making this calculation, the net income of these two years, except for capital gains and paid out dividends for the period, shall be taken into account.
- H. "Entity" - means any individual, corporation, limited liability company, limited

liability partnership, partnership, association, joint venture, trust, cooperative, non-incorporated organization, any similar entity or combination of the above acting jointly, but shall not include a joint investment venture established for the purpose of holding, administrating, leading or development of real or personal property.

- I. "Ultimate controlling entity" - means an entity that controls other entities and that in turn is not controlled by others.
- J. "Law" - means Public Law No. 382, enacted on September 6, 2000, whose relevant provisions were included in the Code as Article 29.200.
- K. "Executive Officer" - means the chief executive officer, the chief operations officer, the chief financial officer, the treasurer, the secretary, the comptroller or any other officer who performs similar functions as those performed by said officers under whatever title.
- L. "Office" - means the Office of the Insurance Commissioner of Puerto Rico.
- M. "Health Services Organization " - shall have the same meaning as stated in Article 19.020(6) of the Code.
- N. "Person"- shall have the same meaning as set forth in Article 1.040 of the Code.
- O. "Holding Company System" means two (2) or more affiliated entities, one or more of which is an insurer or health services organization, organized under the laws of the Commonwealth of Puerto Rico.
- P. "Surplus" - for property and casualty insurers means the policyholders' surplus and for life and disability insurers and a health services organizations, means capital plus surplus, both as shown in the annual report as of December 31st next preceding.
- Q. "Subsidiary" - means an affiliate controlled directly or indirectly by one or more intermediaries.
- R. "Voting securities" - includes all securities convertible to voting securities or that evidences the right to acquire such stock.

ARTICLE 3 - FORMS

SECTION 1 - GENERAL REQUIREMENTS

- A. Forms A, B, C, D and E are included in this Rule to serve as guides for preparing the statements required under this Rule, and in no manner shall be considered to be model forms to be filled out. The statements required under this Rule shall include the numbers and titles of all of the Sections of said forms, but the text of any of the Sections may be omitted, provided that the answers are prepared so that their scope and content is clearly stated. All instructions shall be omitted in preparing the statements, whether those included in the Sections or in any other part of the form. Except as expressly provided otherwise, if any section is not applicable or the answer is negative, it shall be so stated.
- B. The statements required herein shall be filed with the Commissioner in an original, along with any other attachments or document that may be required, by personal delivery or by regular mail, at the official address of the Office of the Insurance Commissioner.
- C. A copy of the Form C, "Summary Statement of Registration," shall be filed in any jurisdiction in which the insurer or health services organization is authorized to do business, if the Commissioner of said jurisdiction should so request.
- D. The original of the statements required herein shall be signed by the President of the entity submitting the statement or by any other person who may have been designated as an officer or representative of each entity in the annual report filed with the Office.
- E. Any copy of a statement, financial statement or attachment shall be clear and legible. The statements may be drafted in English or Spanish.

SECTION 2 - INCORPORATION BY REFERENCE, SUMMARIES AND OMISSIONS

- A. Any information required in any section of Forms A, B, D or E may be incorporated by reference as an answer to any other section. Extracts of the referenced documents may be attached if the documents are lengthy.

- B. When a summary, an outline or a brief description of the provisions of a document are required in a section, only a brief statement regarding the relevant provisions of the document will be provided.

SECTION 3 - UNKNOWN OR UNAVAILABLE INFORMATION AND AN EXTENSION OF TIME TO FURNISH SUCH

All of the information required in the forms must be furnished, if known and reasonably available to the person filing the statement. If it were not possible to furnish the required information, document or report by the deadline for submission, a separate document must be submitted to the Commissioner in which:

- (a) the information, document or report in question is described,
- (b) a statement is made regarding the reason why it is not possible to file such by the required deadline,
- (c) an extension of time is sought for submitting such information, document or report.

It shall be deemed that the extension of time has been granted unless the Commissioner has denied the request in writing, within fifteen (15) business days from the receipt of the request.

SECTION 4 - ADDITIONAL INFORMATION AND ATTACHMENTS

In addition to the information that is expressly required in Forms A, B, C, D and E, the Commissioner may require any further information deemed necessary to prevent the required information from leading to error. The entity making the statement may

submit such other additional attachments as the entity may deem necessary, in addition to those that have been required. The attachments included with the statements shall clearly specify the referenced materials.

Forms A, B, C, D, and E containing changes shall show the phrase: "Amendment No. ___" on the upper part of the first page and indicate the date of the change and not the date of the original filing.

ARTICLE 4 - CHANGE OF CONTROL OF MERGER OF A DOMESTIC INSURER OR HEALTH SERVICES ORGANIZATION

SECTION 1 - NOTICE PRIOR TO ACQUISITION

Any person, or domestic insurer or health services organization, including any person controlling a domestic insurer or health services organization proposing to effect a merger or an acquisition, under the provisions of the Code, shall submit a prior notice form, before such acquisition or merger, using Form E.

SECTION 2 - CHANGE OF CONTROL OR MERGER - REQUIREMENTS

Under Article 29.200 of the Code, any person who makes an offer to acquire or sell 10% or more of the voting securities of a domestic insurer or health services organization, or of an entity that in turn controls an insurer or health services organization, further to filing Form E notifying of the intention to do so, shall submit a duly executed Form A, and obtain the approval of the Commissioner for said transaction.

The Commissioner shall be notified immediately of any change in the information provided in Form A that might arise after the submission of the form.

SECTION 3 - EXCEPTION

For the purposes of this Article, the term "person" excludes securities traders who as part of their usual functions as such, hold at least 20% of the voting securities of an insurer or a health services organization.

ARTICLE 5 - REGISTRATION OF HOLDING COMPANY SYSTEMS

SECTION 1- ORIGINAL REGISTRATION

All Holding Company Systems shall file with the Office and keep current such filing or record. The Principal Company of the Holding Company System shall be responsible for compliance with the filing requirements for documents and transactions as established in this section.

For these filings, the Holding Company Systems shall use Forms B, "Statement of Registration for Holding Company Systems"; and C, "Summary Statement of Registration," included in this Rule and supplemented with the following documents:

1. Administrative agreements
2. Administrative service contracts
3. Cost-sharing agreements
4. Current and proposed reinsurance agreements
5. Stock purchase agreements
6. Loan agreements
7. Transactions outside the ordinary course of business

In the event that an affiliate of a Holding Company System is not organized in Puerto Rico, the filing shall be supplemented with the management agreements, service contracts, and distribution agreements that affect the affiliated insurers or health services organizations that are organized in Puerto Rico.

The initial filing required herein shall be carried out no later than June 30, 2009. The Commissioner may grant the Principal Company a reasonable extension of time, for just cause, in which to file, provided that the request for such extension is submitted ten (10) days before the deadline for such filing.

The Statement of Registration shall be submitted annually no later than June 30 of each subsequent year and shall only include Sections 5, 7, and 8 of Form B and any other sections where there have been changes in the information.

In addition to the information required in Form B, the Principal Company shall furnish the information required in Form C.

All insurers or health services organizations shall submit a copy of Form C in each state of the United States in which the insurer or organization is authorized to operate, if requested by the Commissioner of said jurisdiction.

SECTION 2 - AMENDMENTS TO THE REGISTRATION FILED

- A. An amendment to Form B shall be filed within fifteen (15) days, counted from the last day of the month in which there is a material change in the information provided in said form.
- B. The amendments shall be submitted in the format of Form B and information shall only be furnished for the Sections that are being amended. The upper portion of the first page of all amendments shall be marked "Amendment No. [insert the number] to Form B for [insert the year]" and the effective date of the change and not the date of the original filing.

SECTION 3 - ALTERNATE REGISTRATION

Any insurer or health services organization organized in Puerto Rico that is affiliated to a Holding Company System may submit Form B "Registration Statement for Holding Company Systems" on behalf of the Principal Company, clearly stating the reason which such form is being filed on behalf of the Principal Company. In cases in which the insurer or health services organization are not organized in Puerto Rico, but is authorized to transact insurance business in Puerto Rico, the insurer or organization may submit a copy of the "Registration Statement of Holding Company Systems" or a similar report which the entity is required for file in the state of domicile, provided that the statement or report contains information that is substantially similar to the information required in Form B.

SECTION 4 - DISCLAIMER AND TERMINATION OF REGISTRATION

A. A Disclaimer of Affiliation or a Request for Termination of Registration in which a person claims that the person no longer controls, or than once a certain event occurs or a certain action is taken, the person will no longer control another person (hereinafter, "the subject"), shall contain the following information:

- (1) The number of authorized, issued and outstanding voting securities of the subject.
- (2) With respect of the person whose control is being denied and all the affiliates of said person, the number and percentage of voting securities of the subject which are held of record or that are known to be beneficially owned and the number of shares for which there is a right to acquire, whether directly or indirectly.
- (3) Any material relationship and affiliation between the subject and the entity whose control is being denied and all affiliates of said person.
- (4) a statement explaining why the person should not be considered to control the subject.

B. A Request for Termination of Registration shall be deemed to have been granted if after thirty (30) days from the receipt of the request the Commissioner has not denied the request made by the entity.

ARTICLE 6 - TRANSACTIONS SUBJECT TO DISAPPROVAL

SECTION 1- TRANSACTIONS REQUIRING DISCLOSURE AND SUBJECT TO DISAPPROVAL

A. Prior to any transaction that will affect insurers and health services organizations organized in Puerto Rico, Principal Companies on behalf of the Holding Company System shall disclose in detail such transactions to the Office. The following are the transactions that require disclosure and are subject to disapproval, for which Form D must be completed:

1. Sales, purchases, loans, and exchanges involving the lesser of 3% or more

of the admitted assets or 10% of the Surplus.

2. Loans or credits of any affiliated entity within the Holding Company System for the purpose of financing the activity of another affiliate.
 3. Reinsurance assumed by or ceded among affiliated insurers involving 5% or more of the Surplus of any of the insurers.
 4. Management agreements, services contracts, and cost-sharing agreements.
 5. Loans, other investments or purchase, sales or exchanges that account for 10% or more of outstanding issued voting securities of any of the affiliated entities.
 6. Guarantees or obligations made for the benefit of an affiliated entity that may result in the contingent exposure of the assets of insurers and health services organizations organized under the laws of the Commonwealth of Puerto Rico to become liabilities, except contracts that are entered into during the normal course of business.
 7. Consolidated agreements on the distribution of tax liability or any other decision made by the Secretary of the Treasury modifying the tax status of the affiliated entities.
 8. Any encumbrance on the voting securities of affiliated entities arising from a loan made to a member of the Holding Company System.
- B. No insurer or health services organization may pay extraordinary dividends or make any other extraordinary distribution to shareholders until 30 days after notifying the Commissioner and the Commissioner has not disapproved said payment or has expressly approved such payment within said 30-day term. For the purposes of this Article, the term "extraordinary dividend" or "extraordinary distribution" shall have the meaning set forth in Article 2 of this Rule.

Notwithstanding any other provision of this Rule, insurers or health services organizations may declare an extraordinary dividend or distribution, on the condition that approval be obtained from the Commissioner, but such declaration will not confer any right for shareholders until:

1. the Commissioner has approved the payment of the dividend or distribution or

2. the Commissioner has not disapproved the payment within said 30-day period.

The request for approval of an extraordinary dividend or distribution shall include the information required in Section 10 of Form D.

Subject to the provisions of this section, all insurers or health services organizations must advise the Commissioner of any dividend or distribution made to shareholders within fifteen (15) business days of making the declaration, including the same information required in said Section 10 of Form D.

C. The Principal Company shall be responsible for compliance with the disclosure requirements set forth herein. If the Principal Company is not a party to the transaction for which disclosure is required under this section, any other insurer or health services organization that is organized in Puerto Rico and is an affiliate of the Holding Company System may submit Form D on behalf of the Principal Company, in which case said affiliate will assume the responsibility set forth in this Article.

Transactions may not be carried out unless the Holding Company System, notifies the Commissioner, through the Principal Company, of the intention to effect such at least thirty (30) days before they are effected.

SECTION 2 - DISAPPROVAL OF PROPOSED TRANSACTION

The Commissioner shall advise the Principal Company of the Office's decision regarding the proposed transaction within thirty (30) days of the submission of the request. Any decision regarding a transaction that is subject to approval shall be based on the following criteria:

1. Whether or not the transactions or activities proposed by the Holding Company System could harm the stability of any insurer or health services organization organized under the laws of the Commonwealth of Puerto Rico, the public interest or creditors.
2. Whether or not in the transactions any insurer or health services organization organized under the laws of the Commonwealth of Puerto Rico will bear a

disproportionate burden in regard to the expected financial benefit.

3. Whether or not the proposed transactions have the effect of sharing core administrative staff of the insurer or health services organization organized under the laws of the Commonwealth with other affiliated operations that are not insurers or health services organizations. The core administrative staff of an insurer or health services organization consists of the claims, underwriting, and investment functions.
4. If it were determined that the transaction subject to approval, along with other transactions carried out in a given calendar year had the intent or effect of evading compliance with any provision the Code or its Regulations.

The Holding Company System shall immediately discontinue any transaction or activity that has been expressly refused approval by the Commissioner. It is further provided that in such an event, the Holding Company System, through the Principal Company, shall be responsible for materially reestablishing the status quo before the execution of the transaction or agreement.

A transaction subject to disapproval shall be null and void if it is carried out within 30 days of submission for approval, and if within such time period the Commissioner refuses to approve such transaction.

The Commissioner, further to an administrative hearing, may revoke approval of a transaction, if it were found that the transaction had not been carried out in the manner stated in the disclosure.

ARTICLE 7 - PENALTIES

In addition to the provisions of Article 6, any person who violates a provision of this Rule shall be subject to the penalties provided in Chapters 3 and 27 of the Code.

ARTICLE 8 - POWERS OF THE COMMISSIONER

The Commissioner shall have the power and authority, as provided in Article 2.030 of the Code, to examine and investigate all of the activities of any person, related to the transactions of a Holding Company System, subject to the provisions of this Rule and the Code.

ARTICLE 9 - SEVERABILITY

If any word, sentence, paragraph, sub-paragraph, Article or part of this Rule were found to be null and void by a court of competent jurisdiction, the order of such court shall not affect or invalidate the remaining provisions of this Rule, and the effect of such order shall be limited to the word, sentence, paragraph, sub-paragraph, Article or part that has been found to be null and void.

ARTICLE 10 - EFFECT

The provisions of this Rule shall enter into effect thirty (30) days after filing with the Department of State of Puerto Rico, under the provisions of the Public Law No. 170, enacted on August 12, 1988, as amended, known as the Uniform Administrative Procedures Act.

(Signed)

DORELISSE JUARBE-JIMENEZ
INSURANCE COMMISSIONER

Date of approval: December 23, 2008

Date of Filing:

at the Department of State:

Date of Filing

at the Library of the Legislature:

Commonwealth of Puerto Rico
OFFICE OF THE INSURANCE COMMISSIONER

**STATEMENT REGARDING A CHANGE OF CONTROL OR MERGER OF A
DOMESTIC INSURER OR HEALTH SERVICES ORGANIZATION**

Name of the Insurer or Health Services Organization

BY

Name of the Acquiring Party (Applicant)

Date: _____

Name, title, address and telephone number of the person to whom correspondence related to this statement should be addressed:

SECTION 1- METHOD OF ACQUISITION

State the name and address of the domestic insurer or health services organization to which this statement or application refers and a brief description of how control is to be acquired.

SECTION 2 - IDENTITY AND BACKGROUND OF THE APPLICANT

(a) State the name and address of the Applicant who intends to acquire control.

(b) If the Applicant is not an individual, state the nature of business operations for

the past five (5) years. Briefly describe the business in which the Applicant and/or any subsidiary intends to engage.

- (c) Furnish a diagram illustrating the relationships between the Applicant and all of the affiliates of the Applicants. State in the diagram the percentage (%) of voting securities owned or controlled by the Applicant for each entity. For each entity in the diagram, state the kind of organization, type of business, and the State or jurisdiction of domicile. Include a duly authenticated sworn certification made by an authorized representative of the Applicant, indicating which of the entities included in the diagram operate directly or indirectly in Puerto Rico and the kinds of business transacted in Puerto Rico. If none of the entities operated in Puerto Rico, it should be so certified.

SECTION 3 - IDENTITY AND BACKGROUND OF THE INDIVIDUAL ASSOCIATES OF THE REGISTRANT

State the following with regard to the Applicant, if the Applicant is an individual, or with regard to the directors, officers, executives or shareholders who own more than ten percent (10%) of voting securities of the Applicant, if the Applicant is not an individual:

- (a) Name and address of the business
- (b) Current principal business activity, occupation or employment, including the position held and the name, principal business, and address of any corporation or other organization in which such employment was held.
- (c) For the past five (5) years, the positions held, occupations or employment; the initial and final dates of employment; the name, address, principal business activity of any corporation or other organization in which the individual was employed; state whether any position, job or occupation required a license from or registration with any federal, state or municipal agency and the current status of such license or registration, as well as an explanation of any waiver, revocation, suspension or disciplinary procedure related to any such license or registration.
- (d) State whether or not the person has been convicted in criminal proceedings during the past ten (10) years. If the answer is affirmative, furnish the date, nature of the sentence, name and address of the court, the fine or any other penalty imposed.

SECTION 4 - NATURE, SOURCE AND AMOUNT OF CONSIDERATION

- (a) Describe the nature, source and amount of funds or other consideration to be used to acquire control or in the merger. If all or part of said funds are the

borrowed or were obtained in any other manner for the purpose of acquiring, maintaining or exchanging securities, furnish a description of the transaction, the names of the parties involved, the relationship between the lender and the borrower, if any, the amount borrowed, and copies of all contracts, promissory notes and/or security agreements related to the transaction.

(b) Describe the criteria used to determine the nature and amount of the consideration.

(c) If the source of funds is a loan made in the ordinary course of business, and the Registrant wishes to keep the identity of the lender confidential, the Registrant must request permission to do so.

SECTION 5 - FUTURE PLANS OF THE INSURER OR HEALTH SERVICES ORGANIZATION

Describe any plan or proposal that the Registrant may have to declare an extraordinary dividend, liquidate the insurer or health services organization, sell assets or merge the insurer or health services organization or make any other material change in the operations of the business, corporate structure or the administration of the insurer or health services organization.

SECTION 6 - VOTING SECURITIES TO BE ACQUIRED

State the share of voting securities of the insurer or health services organization that the Registrant, its affiliates or any other person mentioned in Section 3 intend to acquire, and the terms of the offer, tender, agreement or acquisition and a statement regarding the method used to determine the fairness of the proposed transaction.

SECTION 7 - CONTRACTS, AGREEMENTS OR MEMORANDA OF UNDERSTANDING REGARDING VOTING SECURITIES OF THE INSURER OR HEALTH SERVICES ORGANIZATION

Furnish a full description of any contract, agreement or memorandum of understanding with regard to voting securities of the insurer or health services organization, in which the Applicant, its affiliates or any other person mentioned in Section 3, including, but not limited to, the transfer of securities, joint ventures, loans, option agreements, puts or calls, security for loans, guarantees against losses or guarantees of profits, distribution of profits or losses, or the granting or retention of powers. Said description shall identify the entities with whom said contract, agreement or memorandum of understanding is entered into.

SECTION 8 - AGREEMENTS WITH SECURITIES TRADERS

Describe the terms of any agreement, contract or memorandum of understanding entered into with any securities trader regarding the tender for voting securities of the insurer or health services organization, and the amount of any fee, commission or other compensation to be paid to the securities trader related to such tender.

SECTION 9 - FINANCIAL STATEMENTS AND ATTACHMENTS

- (a) Financial statements and attachments shall be listed in and included as part of the Statement.
- (b) Annual financial statements, certified by a CPA, shall be included for the persons named in the Section 2(c) for the past 5 years, including the most recent year. The statements shall be prepared on an individual basis, unless the Commissioner requires that they be consolidated, if consolidated financial statements are prepared in the normal course of business.

The Applicant's annual financial statements shall be certified by a CPA on a GAAP basis or statutory accounting principles as required by law. If the Applicant is an insurer, the financial statements need not be certified, provided that they are based on the annual report filed by the insurer with the Commissioner of the jurisdiction of the insurer's domicile and are prepared according to statutory accounting principles as prescribe or allowed by the laws or regulations of said jurisdiction.

- (c) The statement shall include as an attachment a copy of all proposals, tenders or calls for bids, offers to exchange, and agreements to acquire or exchange any voting securities of the insurer or of the health services organization and of any material related to such proposals, any proposal of employment, consultancy or advisory capacity or administrative contracts involving the insurer or the health services organization, annual shareholders' reports of the insurer or the health services organization and the Applicant, all of which shall be for the prior two years.

SECTION 10 - SIGNATURE AND CERTIFICATION OF SIGNATURE

Pursuant to the requirements of Article 4, Section 2 of Rule 83 of the Regulations of the Puerto Rico Insurance Code, this Statement, having been duly signed, is submitted in the city of _____, in _____, this _____ day of _____, 20__.

Applicant's Name

By _____
Name

Title

IN WITNESS WHEREOF:

Signature of the Officer or Representative of the Applicant

Title

CERTIFICATION

The undersigned deposes and states that he/she executed the attached Registration Statement dated this _____ day of _____, 20__, on behalf of _____; that he/she is the _____ (Name of the Principal Company) (Title of Officer) of said company and is authorized to execute and submit this document. Deponent further states that he/or she is familiar with the document and the content thereof and to the best of the deponent's knowledge and belief the facts set forth herein are true.

Signature: _____

Name: _____

Commonwealth of Puerto Rico
OFFICE OF THE INSURANCE COMMISSIONER

REGISTRATION STATEMENT FOR HOLDING COMPANY SYSTEMS

Submitted to the Office of the Insurance Commissioner of Puerto Rico

Holding Company System

BY

Principal Company

On behalf of the following insurers and/or health services organizations

Name	Address
_____	_____
_____	_____
_____	_____

Date: _____

Name, title, address and telephone number of the person to whom notices and correspondence related to this statement should be sent:

SECTION 1 - IDENTITY AND CONTROL OF THE HOLDING COMPANY SYSTEM

Furnish the exact name of each insurer and health services organization that is filing the registration or on behalf of whom the registration is being filed, hereinafter "the Principal Company," the address of the headquarters and main executive offices of each; the date on which each affiliate became a part of the Holding Company System, how each affiliate was acquired, and the manner of control of each affiliate.

SECTION 2 - ORGANIZATIONAL CHART

Furnish an organizational chart or list in which the entities that are affiliated with the Holding Company System and the relationships among them are clearly identified. It will not be necessary to include affiliates whose assets comprise less than one half of one percent (1%) of the total assets of the "Ultimate Controlling Entity" within the Holding Company System, unless such assets are valued at one million dollars (\$1,000,000) or more. The organizational chart or list shall include the percentage of each class of voting securities of each affiliated entity owned directly or indirectly by another affiliate. If an entity within the Holding Company System is controlled in a manner other than through title or control of the voting securities or membership in a cooperative insurer, state in what other manner control is exercised. State the type of organization (e.g., corporation, trust, partnership, etc.) for each person listed in the organizational chart or list and state the State or jurisdiction of domicile of said entity.

SECTION 3 - ULTIMATE CONTROLLING ENTITY

Furnish the following information regarding the Ultimate Controlling Entity in the Holding Company System:

- (a) Name;
- (b) Domicile;
- (c) Principal place of business;
- (d) Organizational structure of the person, e.g., corporation, partnership, individual, trust, etc.;
- (e) Principal business of the person;
- (f) Name and address of any entity that holds or owns 5% or more of any class of voting securities, the classes of said stock, the number of shares registered under the name of the entity or of which the entity could be a beneficiary and the percentage of each class of shares held or owned by the entity;
- (g) If there are any pending legal proceedings related to reorganization or liquidation, state the court, the nature of the proceedings and the date such were commenced.

SECTION 4 - BIOGRAPHICAL INFORMATION

Furnish the following information on the directors and executive officers of the Ultimate Controlling Entity: the name and the address of the individual, the individual's principal occupation, and all of the positions and appointments held during the past 5 years, as well as any conviction for an offense, if any, during the past 10 years, other than minor traffic infractions.

SECTION 5 - TRANSACTIONS AND AGREEMENTS

Briefly describe agreements that are currently in effect and transactions that are under negotiation or have been effected during the previous calendar year between the Holding Company System and its affiliates with regard to the events, if such agreements and transactions affect insurers and health services organizations organized under the laws of the Commonwealth of Puerto Rico:

- (a) Sales, purchases, loans, and exchanges involving the lesser between 3% or more of admitted assets and 10% of Surplus.
- (b) Loans or credits of any affiliated entity within the Holding Company System for the purpose of financing the activity of another affiliate.
- (c) Reinsurance assumed by or assigned among affiliated insurers involving 5% or more of the Surplus of any of the insurers.
- (d) Administrative agreements, service contracts, and cost-sharing agreements.
- (e) Loans, other investments or purchases, sales or exchanges representing 10% or more of outstanding issued voting securities of any of the affiliated entities.
- (f) Guarantees or obligations made for the benefit of an affiliated entity that may result in the contingent exposure that assets of insurers and health services organizations organized under the laws of the Commonwealth of Puerto Rico may become liabilities, except contracts that are entered into during the normal course of business.
- (g) Consolidated agreements on the distribution of tax liability or any other decision made by the Secretary of the Treasury modifying the tax status of the affiliated entities..
- (h) Any encumbrance on the voting securities of affiliated entities arising from a loan made to a member of the Holding Company System.
- (i) Payment of extraordinary dividends by insurers and health services organizations organized under the laws of the Commonwealth of Puerto Rico.

The description of the transactions shall be made in a manner that will allow the Commissioner to evaluate such adequately and shall include at least the following: the nature and purpose of the transaction, the nature and the amount of all payments or transfer of assets among the parties, the identity of all of the parties involved in the transaction and the relationship of the parties within the Holding Company System.

SECTION 6 - ADMINISTRATIVE OR JUDICIAL PROCEEDINGS

Furnish a brief description of any administrative or judicial proceedings of the nature described below, that may be pending or have been concluded during the prior

fiscal year, to which the Ultimate Controlling Entity or any of its directors or officers executives were parties or the object of which was the property of said person; state the names of the parties and the court or agency before which the judicial or administrative proceedings are pending:

- (a) Criminal action or administrative proceedings brought by a government agency or authority that could be relevant to the trustworthiness of any of the parties involved in the case; and
- (b) Proceeding that could substantially affect the solvency or capital structure of the Ultimate Controlling Entity, including, but not limited to, bankruptcy, trusteeship, or any other kind of corporate reorganization.

SECTION 7 - NEGATIVE STATEMENT REGARDING THE EXISTENCE OF A PLAN OR SIMILAR TRANSACTIONS FOR THE PURPOSE OF EVADING THE PROVISIONS OF LAW

The Principal Company shall file an annual statement with the Office certifying that the transactions carried out after the date of filing of the registration statement for the previous year are not part of a plan or similar transactions having as their purpose the evasion of the provisions of this Rule and therefore, the oversight of such transactions.

SECTION 8 - FINANCIAL STATEMENTS AND ATTACHMENTS

- (a) Include the financial statements and attachments required for this statement as an appendix, and list in this section the financial statements and attachments that are being included.
- (b) The financial statements shall include the annual financial statements of the Ultimate Controlling Entity in a Holding Company System at the close of the previous calendar year.

If at the time of the initial registration the annual financial statements for the most recent calendar year are not available, the annual statements for the year before may be submitted and similar financial information for all later periods will be provided if such information is available. Said financial statements shall be prepared individually, except when the Commissioner allows filing of consolidated financial statements if these statements are prepared in the normal course of business.

Financial statements shall be accompanied by a certification by an independent CPA to the effect that the financial statements are a reliable representation of the financial situation of the Ultimate Controlling Entity and the results of the operations of such Entity for the year ending on that date, according to GAAP or statutory accounting requirements. If the Ultimate Controlling Entity is an insurer or health services organization that is authorized in Puerto Rico, the entity shall not be obligated to comply with this requirement.

(c) The attachments shall include copies of the most recent annual reports submitted to the shareholders of all Ultimate Controlling Entities and the proxies used by the Ultimate Controlling Entity, in addition to any additional document required in Form B or in Article 5, Sections 1, 3, and 4 of the Rule.

SECTION 9 - FORM C REQUIRED

Submission of Form C, Summary Statement of Registration, shall be filed along with Form B.

SECTION 10 - SIGNATURE AND CERTIFICATION SIGNATURE:

Pursuant to the requirements of Article 3, Section 1 of the Rule,

(Name of Principal Company), _____ on behalf of _____
(Holding Company System)
signs this application in the city of _____ this _____ of _____, 20____.

(SEAL)

Name of the Principal Company

BY _____

(Name) (Title)

IN WITNESS WHEREOF:

(Signature of the Officer)

Title

CERTIFICATION

The undersigned deposes and states that he/she executed the attached Registration Statement dated this _____ day of _____, 20____, on behalf of _____ ; that he/she is the _____
(Name of the Principal Company) (Title of Officer)
of said company and is authorized to execute and submit this document. Deponent further states that he/or she is familiar with the document and the content thereof and to the best of the deponent's knowledge and belief the facts set forth herein are true.

Signature: _____

Name: _____

Commonwealth of Puerto Rico
OFFICE OF THE INSURANCE COMMISSIONER

SUMMARY REGISTRATION STATEMENT

Submitted to the Office of the Insurance Commissioner of Puerto Rico

[HOLDING COMPANY SYSTEM]

BY

Name of the Principal Company

On behalf of the following insurers and/or health services organizations

Name	Address
_____	_____
_____	_____
_____	_____

Date: _____

Name, title, address, and telephone number of the individual to whom notice and correspondence related to this statement should be addressed:

Furnish a brief description of all Sections of the Registration Statement (Form B) that are changes to the registration statement of the previous year. The description shall be made in a manner that will allow the Commissioner to evaluate the statement adequately and shall include specific references to the numbers of the Sections of the registration statement and the terms therein.

Changes in Section 2 of Form B regarding the share of each class of voting securities shall only be included if there is a 10% or more change of the holdings of each affiliated entity.

Changes in Section 4 of Form B must only be included in cases in which the individual is appointed for the first time as a director or executive officer of the Ultimate Controlling Entity; the duties and responsibilities of a director or executive officer with regard to the Ultimate Controlling Entity are concluded; or an individual is appointed president of the Ultimate Controlling Entity.

If a transaction that was disclosed in the Registration Statement of the previous

year has changed, the nature of such change shall be included. If a transaction that was disclosed in the Registration Statement of the previous year has been closed, report the manner in which the transaction was closed and any movement of funds between the affiliates arising from said transaction.

The Principal Company shall file a statement certifying that transactions subsequent to the filing of the Registration Statement for the previous year are not part of a plan or other transactions directed at evading the provisions of law and the review and approval that would be otherwise required.

SIGNATURE AND CERTIFICATION:

SIGNATURE:

Pursuant to the requirements of Article 3, Section 1 of Rule, _____
(Principal Company)
on behalf of _____
(Holding Company System)
signs this application in the city of _____ this _____ of _____
20____.

(SEAL) _____
Name of the Principal Company
BY _____
(Name) (Title)

IN WITNESS WHEREOF:

(Signature of the officer)

Title

CERTIFICATION:

The undersigned deposes and states that he/she executed the attached Registration Statement dated this _____ day of _____, 20____, on behalf of _____ ; that he/she is the _____
(Name of the Principal Company) (Title of Officer)
of said company and is authorized to execute and submit this document. Deponent further states that he/or she is familiar with the document and the content thereof and to the best of the deponent's knowledge and belief the facts set forth herein are true.

Signature: _____

Name: _____

Commonwealth of Puerto Rico
OFFICE OF THE INSURANCE COMMISSIONER

PRIOR NOTICE OF A TRANSACTION

Submitted to the Office of the Insurance Commissioner of Puerto Rico

[Holding Company System]

BY

Name of the Principal Company

On behalf of the following insurers and/or health services organizations

Name	Address
_____	_____
_____	_____
_____	_____

Date: _____

Name, title, address, and telephone number of the individual to whom notice and correspondence related to this statement should be addressed:

SECTION 1 - IDENTITY OF THE PARTIES TO THE TRANSACTION

Furnish the following information for each of the parties to the transaction:

- (a) Name;
- (b) Domicile;
- (c) Principal place of business;
- (d) Organizational structure of the person, e.g., corporation, partnership, individual, trust, etc.;
- (e) Description of the nature of the business operations of the parties;
- (f) The relationship, if any, among the parties involved in the transaction with the affiliate submitting the notice, including any ownership or debtor/creditor

relationship with said parties;

- (g) When the transaction is with a nonaffiliate, the names of the affiliates that will receive a substantial amount or the total amount of the proceeds of the transaction.

SECTION 2 - DESCRIPTION OF THE TRANSACTION

Furnish the following information for each transaction for which notice is being submitted:

- (a) A statement that the notice is being submitted under Article 5 of the Rule;
- (b) A statement regarding the nature of the transaction; and (c) the effective date proposed for the transaction.

SECTION 3 - SALES, PURCHASES, EXCHANGES, LOANS, EXTENSIONS OF CREDIT, GUARANTEES OR INVESTMENTS

Furnish a brief description of the amount and source funds, securities, property or other consideration for the sale, purchase, exchange, loan, extension of credit, guarantee or investment, by any of the parties to the transaction or any affiliate of the insurer or health services organization filing notice, a description of the terms of any securities being received, if any, and a description of any other agreements relating to the transaction such as contracts or agreements for services, consulting agreements and the like.

If the transaction includes consideration other than cash, furnish a description of said consideration, its cost and fair market value, together with an explanation of the basis for evaluation. If the transaction involves a loan, extension of credit or guarantee, furnish a description of the maximum amount which the insurer or health services organization will be obligated to pay under said loan, extension of credit or guarantee, the date on which the credit or guarantee will terminate, and any provisions for the accrual or deferral of interest.

If the transaction involves an investment, guarantee or other arrangement, state the time period during which the investment, guarantee or other arrangement will remain in effect, together with any provisions for extensions or renewals of such investments, guarantees or arrangements. Furnish a brief statement as to the effect of the transaction upon the insurer's or health services organization's surplus.

No notice need be given if the maximum amount outstanding or for which the insurer can be legally obligated under the loan, extension of credit or guarantee is less than (a) in the case of non-life insurers and health services organizations, the lesser of 3% of the insurer's admitted assets or 10% of surplus, or (b) in the case of life insurers, 3% of the insurer's admitted assets, each as of the 31st day of December next preceding.

SECTION 4 - LOANS OR EXTENSIONS OF CREDIT TO A NON-AFFILIATE

If the transaction involves a loan or extension of credit to any person who is not an affiliate, furnish a brief description of the agreement or understanding whereby the proceeds of the proposed transaction, in whole or in substantial part, are to be used to make loans or extensions of credit to, to purchase the assets of, or to make investments in, any affiliate of the insurer or health services organization making such loans or extensions of credit, and specify in what manner the proceeds are to be used to loan to, extend credit to, purchase assets of or make investments in any affiliate. Describe the amount and source of funds, securities, property or other consideration for the loan or extension of credit and, if the transaction is one involving consideration other than cash, a description of its cost and its fair market value together with an explanation of the basis for evaluation. Furnish a brief statement as to the effect of the transaction upon the insurer's or health services organization's surplus.

No notice need be given if the loan or extension of credit is one which equals less than, in the case of non-life insurers and health services organizations, the lesser of 3% of the insurer's admitted assets or 10% of surplus or, with respect to life insurers, 3% of the insurer's admitted assets, each as of the 31st day of December next preceding.

SECTION 5 - REINSURANCE

If the transaction is a reinsurance agreement or modification thereto, furnish a description of the known and/or estimated amount of liability to be ceded and/or assumed in each calendar year, the period of time during which the agreement will be in effect, and a statement whether an agreement or understanding exists between the insurer or health services organization and non-affiliate to the effect that any portion of the assets constituting the consideration for the agreement will be transferred to one or more of the insurer's or health services organization's affiliates. Furnish a brief description of the consideration involved in the transaction, and a brief statement as to the effect of the transaction upon the insurer's or health services organization's surplus.

No notice need be given for reinsurance agreements or modifications thereto if the reinsurance premium or the change in the insurer's or health services organization's liabilities in connection with the reinsurance agreement or modification thereto is less than 5% of the surplus, as of the 31st day of December next preceding.

SECTION 6 - MANAGEMENT AGREEMENTS, SERVICE AGREEMENTS AND COST-SHARING ARRANGEMENTS

For management and service agreements, furnish:

- (a) A brief description of the managerial responsibilities, or services to be performed;

(b) A brief description of the agreement, including a statement of its duration, together with brief descriptions of the basis for compensation and the terms under which payment or compensation is to be made.

For cost-sharing arrangements, furnish a brief description of:

- (a) the purpose of the agreement;
- (b) the period of time during which the agreement is to be in effect;
- (c) each party's expenses or costs covered by the agreement;
- (d) the accounting basis to be used in calculating each party's cost under the agreement.

SECTION 7 - LOANS, OTHER INVESTMENTS OR SALES OR EXCHANGES OF AFFILIATES' SECURITIES

If the transaction involves a loan, other investments or purchases or exchanges of affiliates' securities, furnish a brief description of the agreement. Describe the amount and source of funds, securities, property or other consideration for the transaction and, if the transaction is one involving consideration other than cash, a description of its cost and its fair market value together with an explanation of the basis for evaluation. Furnish a brief statement as to the effect of the transaction upon the insurer's or health services organization's surplus.

SECTION 8 - GUARANTEES OR UNDERTAKINGS FOR THE BENEFIT OF AN AFFILIATE RESULTING IN THE CREATION OF ACTUAL CONTINGENT EXPOSURE OF INSURER'S OR HEALTH SERVICES ORGANIZATION'S ASSETS

Briefly describe the transaction in which the guarantee or obligation is assumed for the benefit of an affiliate. Identify the obligor and the guarantor. State the condition that activates the obligation in the guarantee. Furnish a brief statement as to the effect of the transaction upon the insurer's or health services organization's surplus.

SECTION 9 - PLEDGING OF VOTING SECURITIES OF AN INSURER OR HEALTH SERVICES ORGANIZATION AND/OR A SUBSIDIARY OR CONTROLLING AFFILIATE RELATED TO A LOAN MADE TO A MEMBER OF THE HOLDING COMPANY SYSTEM

If the transaction involves a pledge of voting securities of an insurer or health services organization and/or a subsidiary, or controlling affiliate for a loan made to a member of the Holding Company System, furnish a brief description of the transaction of the loan and the pledge agreement.

Describe the amount and source of funds, securities, property or other consideration for the transaction and, if the transaction is one involving consideration other than cash, a description of its cost and its fair market value together with an explanation of the basis for evaluation. Furnish a brief statement as to the effect of the

transaction upon the insurer's or health services organization's surplus.

SECTION 10 - PAYMENT OF EXTRAORDINARY DIVIDENDS OR DISTRIBUTIONS AMONG HOLDING COMPANY SYSTEMS AND DOMESTIC INSURERS AND HEALTH SERVICES ORGANIZATIONS

Requests for approval of payment of extraordinary dividends by domestic insurers and health services organizations shall include the following:

- (1) The amount of the proposed dividend;
- (2) The date established for payment of the dividend;
- (3) A statement as to whether the dividend is to be in cash or other property and, if in property, a description thereof, its cost, and its fair market value together with an explanation of the basis for valuation;
- (4) A copy of the calculations determining that the proposed dividend is extraordinary. The work paper shall include the following information:
 - (a) The amounts, dates and form of payment of all dividends or distributions (including regular dividends but excluding distributions of the insurer's own securities) paid within the period of twelve (12) consecutive months ending on the date fixed for payment of the proposed dividend for which approval is sought and commencing on the day after the same day of the same month in the last preceding year;
 - (b) Surplus as of the 31st day of December next preceding;
 - (c) If the insurer is a life insurer, the net gain from operations for the 12-month period ending the 31st day of December next preceding;
 - (d) If the insurer is not a life insurer and in the case of health services organizations, the net income less realized capital gains for the 12-month period ending the 31st day of December next preceding and the two preceding years; and
 - (e) If the insurer is not a life insurer, and in the case of health services organizations, the dividends paid to stockholders excluding distributions of the insurer's or health services organization's own securities in the preceding two (2) calendar years;
- (5) A balance sheet and statement of income for the period intervening from the last annual statement filed with the Commissioner and the end of the month preceding the month in which the request for dividend approval is submitted; and

- (6) A brief statement as to the effect of the proposed dividend upon the insurer's or health services organization's surplus and the reasonableness of the surplus in relation to the insurer's or health services organization's outstanding liabilities and the adequacy of the surplus relative to the insurer's or health services organization's financial needs.

For the purposes of this Section, an extraordinary dividend or distribution shall have the meaning set forth in Article 2 of this Rule.

SECTION 11 - SIGNATURE AND CERTIFICATION

Signature and certification are required as follows:

SIGNATURE:

Pursuant to the requirements of Article 6 of the Rule, this statement is executed on behalf of _____ (Name of Principal Company), Holding Company System, in the city of _____, this _____ day of _____, 20____.

(SEAL) _____
Name of the Principal Company

BY _____
(Name) (Title)

IN WITNESS WHEREOF:

(Signature of the officer)

Title

CERTIFICATION

The undersigned deposes and states that he/she executed the attached Registration Statement dated this _____ day of _____, 20____, on behalf of _____ ; that he/she is the _____ (Name of the Principal Company) (Title of Officer) of said company and is authorized to execute and submit this document. Deponent further states that he/or she is familiar with the document and the content thereof and to the best of the deponent's knowledge and belief the facts set forth herein are true.

Signature: _____

Name: _____

Commonwealth of Puerto Rico
OFFICE OF THE INSURANCE COMMISSIONER

**PRE-ACQUISITION NOTIFICATION FORM REGARDING THE POTENTIAL
COMPETITIVE IMPACT OF A MERGER OR CHANGE OF CONTROL OF A
DOMESTIC INSURER OR HEALTH SERVICES ORGANIZATION**

Applicant's Name

BY

Name of Other Person Involved in the Merger or Acquisition

Date: _____

Name, title, address and telephone number of the person making this statement:

SECTION 1- NAME AND ADDRESS

State the name and the address of the persons who are hereby notifying their participation in the acquisition or change of control.

SECTION 2 - NAME AND ADDRESS OF THE AFFILIATED ENTITIES

State the name and the address of the entities that are affiliated with the persons listed in Section 1. Describe the nature of said affiliation.

SECTION 3 - NATURE AND PURPOSE OF THE PROPOSED MERGER OR ACQUISITION

State the nature and purpose of the proposed merger or acquisition.

SECTION 4 - NATURE OF THE BUSINESS

State the nature of the business of each entity identified in the answer provided in Sections 1 and 2.

SECTION 5 - MARKET AND MARKET SHARE

Specifically state the market and the market share in Puerto Rico of each entity listed in Sections 1 and 2. Furnish historical data on the market and market share of each entity listed in Sections 1 and 2 for the past five (5) years and identify the source of said data.

For the purposes of this question, market means direct premium volume written in Puerto Rico for each line of business, as stated in the annual report required to be filed by insurers and health services organizations that are authorized to do business in Puerto Rico.

Signature: _____

Name: _____