

**TO ALL INTERNATIONAL INSURERS AND REINSURERS AUTHORIZED TO
TRANSACTION BUSINESS THROUGH
THE INTERNATIONAL INSURANCE CENTER OF PUERTO RICO**

**ANNUAL STATEMENT
GENERAL INSTRUCTIONS**

Pursuant to Article 61.100 of the Insurance Code of Puerto Rico and Article 9 of Rule LXXX, all International Insurers and/or Reinsurers must prepare and submit to the Commissioner an annual report. Said annual report is subject to the following requirements:

1. The International Insurer and/or Reinsurer shall prepare an annual report of the insurer's true financial condition and its business transactions up to the close of the preceding fiscal year.

2. The annual report shall be prepared using Generally Accepted Accounting Principles, provided that the notes of said report include a reconciliation of the difference between the net profit and the capital and surplus as stated in the annual report prepared on the basis of Statutory Accounting Principles established herein.

3. The annual report shall be audited by an independent Certified Public Accountant previously approved by the Commissioner (as per the International Insurer and/or Reinsurer Certificate of Authorization) and shall be authenticated with the sworn statement of at least two (2) of the principal officers of the International Insurer and/or Reinsurer.

4. The International Insurer and/or Reinsurer shall file a copy of its annual report with the Commissioner, along with the notes to the report, before the last day of the fourth month following the International Insurer and/or Reinsurer's preceding fiscal year. The Commissioner may, on being presented with just cause, approve the filing of the annual report in a fiscal year other than that set forth in this Chapter or grant a reasonable extension of time for filing the annual report. As defined in Article 61.020 (3) "Fiscal year" means the period between January 1 and December 31 of each year.

5. In the case of an International Insurer and/or Reinsurer with Class 2 Authority, the annual report shall be accompanied by the opinion of an actuary with regard

to the adequacy of the reserves for losses and adjustment expenses, at least once every two years, beginning with the first year of operations.

6. In the case of an International Insurer and/or Reinsurer with Class 3 or Class 4 Authority, the annual report shall always include the opinion of an actuary regarding the adequacy of the reserves for losses and adjustment expenses.

7. All International Insurers and/or Reinsurers with Class 5 Authority shall file along with its annual report a certification of the actuary of said insurer, in the manner provided for by the Commissioner, regarding the amount of its obligations that are pending payment related to business transacted pursuant to its Class 5 Authority.

8. The International Insurer and/or Reinsurer may keep books and records in currency other than United States dollars, so long as its annual report is converted to its equivalent in United States dollars.

9. The International Insurer and/or Reinsurer may list its reserves in the annual report on a discounted basis, with the approval of the Commissioner.

10. The following items will be considered as non-admitted assets for the purpose of determining the financial condition of an International Insurer and/or Reinsurer:

a. Accounts and Premiums receivable over 180 days;

b. Deferred Acquisition Costs;

c. Goodwill;

d. Furniture and Fixtures other than those used in the International Insurer and/or Reinsurer's home office in Puerto Rico;

e. Computer programs, other than operative systems, provided however, that the Commissioner may accept as admitted assets an investment in a Computer Program, or a portion of said program, by a Ruling Letter upon request by an International Insurer and/or Reinsurer.

11. Surplus notes or any other similar instrument issued to the owner of an International Insurer and/or Reinsurer, that complies with the applicable requirements of Article 29.300 and 29.310 of the Code will not be considered a liability of the International Insurer and/or Reinsurer for the purpose of determining its financial condition.

12. Every International Insurer and/or Reinsurer shall also be subject to the provisions of Article 3.330 of this Code, 26 L.P.R.A 330. This article stipulates, that,

"Every insurer shall keep full and accurate accounts and records of its assets, obligations, transactions and affairs, with proper separation to the different kinds of insurance

transacted by it, in accordance with accounting methods and practices generally recognized in such business or approved by the Commissioner. All such records and accounts shall be kept in such manner as to facilitate preparation of the required reports of the insurer, and examination of the insurer's affairs by the Commissioner."

Pursuant to the instructions stated above, the annual statement for International Insurers and/or Reinsurer for the **fiscal year ending December 31st, 2010**, must be filed in this Office **on or before April 29, 2011**.