

TO ALL INSURERS AND MANAGERS AUTHORIZED TO TRANSACT PROPERTY AND CASUALTY INSURANCE BUSINESS IN PUERTO RICO, INCLUDING TITLE INSURERS

Please review these instructions and the forms thoroughly since modifications have been made, mainly for clarification purposes.

Subject: Instructions for the submission of the Annual Report of Contingent Commissions Paid to General Agents and Authorized Representatives

Rule 84 of the Regulations of the Insurance Code of Puerto Rico, under Section III B, states that for each year that an insurer pays contingent commissions to a general agent or authorized representative, it must provide, in the forms prescribed by the Commissioner, detailed information with respect to the same. Pursuant to the provisions of said Section, form number AP-R84-2009 and sworn statement number AP-DJR84-2009, must be used to submit to this Office the detailed report of contingent commissions paid.

The referred report must be submitted not later than March 31, 2015, containing the information of the contingent commissions paid in cash, as well as in kind, during the previous calendar year. In other words, the report must disclose the contingent commissions paid in 2014, for which, pursuant to the dispositions of the rule, the maximum limit must be calculated based on the underwriting operational results of 2013, or on the average of the last three (3) years ending in 2013. The contingent commissions paid in kind in 2014, if any, including trips, must be for the business produce by general agents or authorized representatives during 2013.

In the event the insurer had not paid contingent commissions, it must state so in the form and submit it with the sworn statement. Foreign insurers must take into consideration that the requested information is regarding the contingent commissions paid for the insurer's business in Puerto Rico. However, the insurer must inform its underwriting operational results as reported in the annual statements.

The additional instructions to complete the referred form are:

- All general agents first and then the authorized representatives, both in alphabetic order, must be included in the first column.
- All contingent commissions paid in kind, which includes payment for traveling, stopovers, dinners, awards, prizes or for any other valuable object or form of valuable consideration must be reported in the last column.
- If additional space is needed, the insurer must reproduce the second page. The totals of all columns must be included in the last row.
- Each page must be enumerated and each one must indicate the name of the person who completed the form in addition of including its signature.

The report must be sent by regular mail to this Office and in electronic format to the following address: estadistica.contingente@ocs.gobierno.pr. Any incomplete report submitted without the sworn statement or in a form other than the prescribed one, will be deemed as not submitted.

Strict compliance with the aforesaid provisions is hereby required.