AN ACT

To adopt Chapter 61 of Act No. 77 of June 19, 1957, as amended, known as the “Insurance Code of Puerto Rico,” to establish the legal basis to develop Puerto Rico as an International Insurance Center, through which insurers and reinsurers may export and import insurance and services related to the insurance industry. These entities shall provide insurance and insurance consulting services exclusively in international markets and to captive entities, while the entities engaged in the reinsurance business shall provide insurance and related services within Puerto Rico and abroad.

STATEMENT OF MOTIVES

For the purpose of strategically positioning Puerto Rico in the global insurance industry, the Legislature, hereby proposes to establish and promote our island as an International Insurance Center.

The insurance industry has become an increasingly important component in the global financial services sector, which has promoted the development of International Insurance Centers. Countries such as the Bermudas, Barbados and the Cayman Islands have gained prominence as important International Insurance Centers by offering insurers a favorable tax system, experienced service infrastructure, and a regulatory framework that facilitates a free market.

On the other hand, Puerto Rico has more attractive and ideal features to offer these International markets. Outstanding among said features are an experienced services infrastructure, a highly developed and predominantly
bilingual financial services industry, a reliable and qualified regulatory framework, a modern communications infrastructure, access to the monetary system of the United States and a privileged geographical location.

Moreover, Puerto Rico has a solid and experienced insurance industry that shall be able to converge with the international insurance market and provide services thereto. In the last few years, the Puerto Rico insurance industry has been undergoing an accelerated growth, having reached a total amount of subscribed insurance premiums of more than $5 billion by 2002. This represents approximately three times the volume of subscribed premiums for 1990, and an increase of 30% percent compared to 1998. The Puerto Rico insurance industry generates approximately 12,000 direct employment positions with a payroll of $340 million and an average annual salary of $29,000. This growth has positioned Puerto Rico as the fourth largest insurance market in Latin America, surpassed only by Brazil, Mexico, and Argentina.

Notwithstanding these attributes and the efforts of previous legislatures, Puerto Rico has not been able to project itself as an alternative for international insurance markets. To successfully enable the establishment of these markets in Puerto Rico, it is necessary to enact vanguard laws that take into account the needs of modern businesses and fulfill the expectations of international markets within a framework of trust and prestige.

The International Insurers and Reinsurers Act of Puerto Rico proposes the adoption of Chapter 61 of the Insurance Code of Puerto Rico, Act No. 77 of June 19, 1957. This Chapter establishes the figure of the International Insurer, which shall be an entity authorized to subscribe insurance to cover risks outside Puerto Rico and to underwrite reinsurance to cover risks both, within Puerto Rico and abroad. Furthermore, this Chapter provides, among
other things, organization and authorization requirements, minimum capital requirements and the tax incentives to be received by these international insurers.

The approval and implementation of this bill shall assist in the creation of direct and indirect employment positions in the financial services area. The employment thus generated shall be specialized and highly compensated. Likewise, the establishment in Puerto Rico of these international entities shall create new reinsurance facilities, particularly property catastrophe risk insurance, and shall have a positive impact on the financial industry in general, mainly due to increased liquidity of the capital market and the demand for financial services that these international entities would generate. Insofar as Puerto Rico gradually establishes itself as a leading jurisdiction in the international insurance market, the number of entities that shall establish operations on the island shall increase, and therefore, the number of direct and indirect employment positions generated shall also increase.

This Legislature considers that the International Insurers and Reinsurers Act of Puerto Rico shall be extremely beneficial, since it shall achieve a substantial extension and growth in the Puerto Rico insurance industry within the economy of our Island and the international markets.

**BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:**

Section 1.-A new Chapter 61 of Act No. 77 of June 19, 1957, as amended, better known as the “Insurance Code of Puerto Rico,” is hereby adopted to read as follows:
CHAPTER 61
INTERNATIONAL INSURERS AND REINSURERS IN GENERAL

Article 61.010-Purpose

This Chapter shall be known as the International Insurers and Reinsurers Act of Puerto Rico, which purpose is the establishment of the legal basis to develop Puerto Rico as an International Insurance Center, through which insurers and reinsurers shall export and import insurance and services related to the insurance industry. These entities shall provide insurance and consulting services exclusively in international markets and to captive entities, while entities engaged in the business of reinsurance shall provide insurance and services within Puerto Rico and abroad.

Article 61.020-Definitions

(1) “Assets” shall include (i) cash and deposits; (ii) investments, such as credit instruments or preferential debts, capital securities and of other types, tangible personal property subject to lease, mortgage loans and real property loans, securities loans, repurchase transactions, reverse repurchase transactions, dollar roll transactions and hedging strategy; (iii) declared and unpaid dividends; (iv) interest due or accrued; (v) accounts and reinsurance receivable on paid losses and related expenses; (vi) and any other asset the Commissioner may allow by regulations.

(2) “Affiliate” shall mean, with regard to any person, another person who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the person.
(3) “Fiscal Year” means the period between January 1st and December 31st of each year.

(4) “International Insurer” means an insurer:

(a) that is organized:
   i. under this Chapter, or
   ii. under the laws of a jurisdiction other than Puerto Rico and that operates a Branch in Puerto Rico in compliance with the additional requirements for the authorization of a Branch established in this Chapter;

(b) that, under this Chapter, holds Class 1 Authority, Class 2 Authority, Class 3 Authority, Class 4 Authority or Class 5 Authority; and

(c) does not provide direct insurance on resident risks, located or to be executed in Puerto Rico, unless the International Insurer has the authorization to transact surplus line insurance, pursuant to the provisions of Chapter 10 of this Code. Provided, that the provisions herein do not limit the authority of the International Insurer to assume or accept reinsurance on resident risks, located or to be executed in Puerto Rico.

(4) “Class 1 Authority” means the authority to transact insurance or reinsurance of all types, whether or not defined in Chapter 4 of this Code, except for disability insurance, life insurance, high limit accident insurance and property catastrophe insurance, with respect to the sole owner of the International Insurer, any affiliated owner or other affiliate of the International Insurer.
“Class 2 Authority” means the authority to transact all types of insurance or reinsurance, whether or not defined in Chapter 4 of this Code, except for disability insurance, life insurance, high limit accident insurance and property catastrophe reinsurance, with respect to:

(a) the risks of owners, whether affiliated or not, of the International Insurer or of any of their respective affiliates,

(b) risks arising from the businesses or commercial operations of such owners or affiliates, as established by the Commissioner, or

(c) any other risk that does not exceed twenty (20) percent of the net written premiums by the International Insurer.

“Class 3 Authority” means the authority to transact all types of insurance or reinsurance, whether or not defined in Chapter 4 of this Code, with the exception of disability insurance, life insurance, high limit accident insurance or property catastrophe reinsurance.

“Class 4 Authority” means the authority to transact all types of insurance or reinsurance, whether or not defined in Chapter 4 of this Code, including high limit accident insurance and property catastrophe reinsurance, with the exception of disability reinsurance and life reinsurance.

“Class 5 Authority” means the authority to transact disability insurance, life insurance and reinsurance thereof.

“Control” or “Controlled” means, solely and exclusively for purposes of this Chapter, direct or indirect participation, as
owner of more than fifty (50) percent of the voting power with respect to the person controlled.

(10) “International Insurer Holding Company” shall have the meaning set forth in Article 61.040.

(11) “Liquidity Ratio” means the allowable ratio of liquid assets with respect to the liabilities, excluding the capital, as established in the regulations promulgated by the Commissioner.

(12) “Premium Ratio” means the allowable ratio of net written premiums to capital and surplus, as may be established in the regulations promulgated by the Commissioner.

(13) “Business Incidental to the Insurance Business” means activities that are incidental to the insurance business as described in Article 3.070 of this Code, with the exception of the last sentence of said Article.

(14) “Liabilities” shall include: (i) outstanding social capital, if any; (ii) the amount necessary to pay all its obligations and claims, whether reported or not, including loss adjustment expenses; (iii) taxes, expenses and other obligations; and (iv) reserves, including unearned premium reserves, for life insurance policy benefits and any other additional reserve that the Commissioner may require.

(15) “Person” shall have the meaning provided in Article 1.040 of this Code.

(16) “Segregated Assets Plan” means a group of assets that are identified and managed separately in an integrated manner by an International Insurer with Class 2, Class 3, Class 4 and
Class 5 Authority for the purpose of paying a group of obligations that are identified and managed pursuant to an operational plan previously approved by the Commissioner.

(17) “Property Catastrophe Reinsurance” means the reinsurance assumed by an insurer to cover losses or damages resulting from a catastrophic event or series of events.

(18) “Principal Representative” means a person who is a resident of Puerto Rico, appointed by the International Insurer and authorized by the Commissioner as such to supervise the insurance businesses and oversee that they are conducted pursuant to the provisions of this Chapter and of this Code, as may apply.

(19) “High Limit Accident Insurance” means accident insurance, as defined in Article 4.080 of this Code, provided that the insurance policy limit exceeds ten (10) million dollars.

(20) “Disability Insurance” shall have the meaning provided in Article 4.030 of this Code.

(21) “Life insurance” shall have the meaning provided in Article 4.020 of this Code.

(22) “Branch” shall mean, as may apply, the business unit through which a foreign insurer not organized under this Chapter carries out business transactions, or the assets and liabilities of such insurer corresponding to such business transactions, or the administrative powers corresponding to such business transactions and such assets and liabilities, or any combination thereof.

“Risk Assessment” means an International Insurer’s securities issue plan, which funds are earmarked to settle or liquidate a segregated assets plan.

Article 61.030-Applicability of Other Laws

(1) An International Insurer shall be exempted from all the provisions of this Code, with the exception of those that are expressly provided in this Chapter or the specific provisions referred to in this Chapter.

(2) without it being construed as a limitation, such exemption shall include the following:

(a) No International Insurer shall be required to become associated with or financially contribute to any plan, consortium, association or guaranty or insolvency fund in Puerto Rico, nor shall any International Insurer or insured of such insurer receive any benefit from said plan, consortium, association or guaranty or insolvency fund due to claims that arise from the operations of said insurer;

(b) No International Insurer shall be required to be a member of any rating agency or to be otherwise subject to the inscription of tariff types in Puerto Rico with respect to any policy issued by said insurer; and

(c) No International Insurer shall have the obligation to submit any insurance policy form or tariff plan for the approval of the Commissioner.

Article 61.040- International Insurer Holding Companies

“International Insurer Holding Company” means any legal entity organized under the laws of Puerto Rico:
(1) that holds stocks or other securities issued by an International Insurer or by another International Insurer Holding Company; and

(2) whose assets, other than such securities, consist solely of:
   (a) stock or other securities issued by insurers;
   (b) securities or assets (“Operational Assets”) necessary for the operations of businesses incidental to the insurance business;
   (c) cash, cash equivalents and investment portfolios; and
   (d) other assets with an aggregate value, as shown in the financial statements of said Holding Company, which do not exceed five (5) percent of the total assets of this Holding Company, as allowed by clauses 1 and 2 (a), (b) and (c) of this Article.

(3) To benefit from the tax treatment granted in Article 61.240 of this Chapter, an International Insurer Holding Company shall maintain the type of assets described in clause (2)(c) of this Article, in a ratio of not more than one to one, with respect to the sum of the assets described in clauses (1), (2)(a), (2)(b) and 2(d) of this Article. Provided, that the following shall be used to calculate this ratio:
   (a) in the case of the stocks and other securities of the International Insurer, the net equity value according to the Annual Report submitted to the Commissioner by the International Insurer.
   (b) in the case of the stocks and securities issued by other persons, the value calculated according to the generally
accepted accounting principles.

(4) Should there be a surplus of assets over the ratio described in clause (3) above, the amount necessary to comply with the ratio provided in referred clause (3) shall be invested in the assets described in clauses (1), (2)(a) and (b) of this Article. The International Insurer Holding Company shall have a term of two (2) years to make said investment, as of the date of noncompliance with such ratio.

(5) An International Insurer Holding Company shall not control, directly or indirectly, through one or more intermediaries, any person organized under the laws of Puerto Rico, including any person engaged in businesses incidental to the insurance business and who conducts business in Puerto Rico (whether through a separate business or operating within said Holding Company), with the exception of International Insurers, other International Insurer Holding Companies and businesses incidental to the insurance business that provide services exclusively to International Insurers to which they are related as subsidiaries or affiliates, where the term “control” shall have the meaning established in Article 6.020(15) of this Code. However, the Commissioner and the Secretary of the Treasury may jointly establish regulations and orders to allow an International Insurer Holding Company to control, directly or indirectly, other insurers that are not International Insurers, or their holding companies, including businesses incidental to the insurance business, provided that such businesses are excluded from any tax exemption granted to the International Insurers and
to the International Insurer Holding Companies.

(6) An International Insurer Holding Company shall submit a certification of any of the insurers in which the Holding Company maintains an interest to the Commissioner and the Secretary of the Treasury not later than the last filing date of the Annual Report required by Article 61.100 of this Chapter. The Certification shall provide the following information of the Holding Company: name, address, employer identification number, the value of its assets, as described in clauses (1), (2) (a), (b), (c) and (d) of this Article and a statement to the effect that the company qualifies under this Article as an International Insurer Holding Company. The Certification shall be sworn by the president, vice-president, treasurer, assistant treasurer or any principal officer, or by a principal partner, in the case of a partnership.

(7) If the Commissioner determines that an International Insurer Holding Company has carried out a transaction or series of transactions the main purpose of which is to obtain assets in excess of the established limits, said entity shall not receive the tax treatment provided in Article 61.240 of this Chapter.

(8) A domestic insurer duly authorized pursuant to the Code, or its Holding Company, that controls an International Insurer or an International Insurer Holding Company, as defined in this Chapter, shall not qualify for the tax treatment granted in Article 61.240 of this Chapter, with the exception of those tax exemptions related to the distributions received from an International Insurer or an International Insurer Holding
Article 61.050-Authorization Requirements for International Insurers

(1) Subject to the provisions of this Chapter, after the filing of an application to such effects and the payment of the corresponding fees, the Commissioner may authorize an International Insurer to contract with Class 1 Authority, Class 2 Authority, Class 3 Authority, Class 4 Authority, Class 5 Authority insurance, or any combination thereof.

(2) Such International Insurer shall file, or cause to be filed, a certificate of authority application to operate as such using the form prescribed by the Commissioner for such purpose with the following information, and any other information or documents that the Commissioner may require by means of regulation or order:

(a) Name, address of the main office, date of organization and, if reciprocal, the name of its attorney-in-fact, and the address of the main office of said representative in Puerto Rico;

(b) Class of Authority requested;

(c) Copy of the determination of its Board of Directors or other governing body authorizing it to transact insurance in Puerto Rico and designating the officer or officers of the insurer who shall be authorized to report to the Commissioner, from time to time, with respect to the matters over which it shall act on behalf of the insurer;

(d) Certified copy of its articles of incorporation duly authenticated by the office in which the original is filed;
(e) Copy of its bylaws, if any, certified by its president or secretary;

(f) Designation of the Principal Representative of the insurer, who shall reside in Puerto Rico and shall be in charge of its businesses in Puerto Rico, along with the written acceptance of the principal representative;

(g) name, address and evidence of the acceptance of the designation by the International Insurer’s auditor and the actuary;

(h) In the case of a branch, the International Insurer shall also file or cause to be filed, the following:
   i. Copy of the insurer’s financial statements for its most recent fiscal year;
   ii. Copy of the last examination report, if any, made on the insurer, certified by the insurance supervisory officer of the domicile of the insurer;
   iii. A certificate from the insurance supervisory officer of the domicile of the insurer stating the insurance classes the insurer is authorized to transact;
   iv. A certification, duly signed by the chief executive officer of the insurer in which the insurer accepts that it may be sued in the courts of Puerto Rico, in compliance with the requirements in Article 3.270 of this Code.
(3) When considering whether to issue an authorization to an International Insurer, the Commissioner shall take into consideration whether the officers and directors of the insurer demonstrate to be reliable and competent to transact insurance business, and in so doing, he/she shall evaluate at least:

(a) whether the officers and directors have adequate knowledge and expertise;

(b) whether the officers, administrators or any other person in charge of the insurer’s administration in Puerto Rico are qualified to carry out such activities;

(c) whether the location, if any, that the International Insurer intends to use in Puerto Rico is appropriate for conducting its business.

(4) The International Insurer shall pay the Commissioner a fee for the examination, investigation and processing of its authorization application, pursuant to Article 61.230. The Commissioner may engage legal, financial and investigative services to evaluate the authorization application, the cost of which shall be paid by the applicant.

(5) Should the Commissioner determine that the International Insurer complies with the requirements established pursuant to this Chapter, the corresponding Certificate of Authority shall be issued, stating the Authority class for which the insurer is authorized in Puerto Rico. In the case of a negative
determination, the Commissioner shall deny the authorization within a term of not more than sixty (60) days, after the insurer has submitted a complete application, pursuant to the provisions this Chapter. The Commissioner may impose other conditions with respect to a particular class of insurer.

(6) The Commissioner may, at any time, at the request of the International Insurer or motu proprio, add, change or eliminate any conditions imposed pursuant to clause 5 of this Article.

(7) Before the Commissioner, pursuant to clause 5 of this Article, with respect to an International Insurer, imposes a condition that said insurer had not requested, he/she shall notify the International Insurer of such condition and shall take into consideration any written objection made by the insurer within the reasonable term specified in the notice.

(8) The International Insurer shall have the obligation to designate and maintain a Principal Representative in Puerto Rico, who in turn, shall be authorized by the Commissioner.

(9) Before obtaining the authorization, the International Insurer shall promptly notify the Commissioner, in writing, of any change in the information submitted as part of the authorization application, pursuant to this Chapter, but in no case shall it be later than ten (10) days after becoming aware of said information.

(10) The Certificate of Authority of the International Insurer shall expire at midnight on June 30th immediately following the date of issue or renewal. If the insurer meets the renewal requirements and pays the corresponding fees provided in this
Chapter, its certificate may be renewed for a term that shall not exceed one year.

(11) The Commissioner may amend a Certificate of Authority at any time for purposes of adjusting it to changes in the Articles of Incorporation of the International Insurer or within his/her powers with respect to such insurer.

(12) The Commissioner may effect the dismissal of any director or officer of an International Insurer, pursuant to Article 3.260 of this Code.

(13) The International Insurer shall maintain in its main office an updated and accurate list of all its insurance intermediaries in Puerto Rico, and if the Commissioner so requests it in writing, it shall provide a copy thereof to the Commissioner.

(14) International Insurers shall maintain their books and records pursuant to Article 3.300 of this Code.

(15) Any International Insurer that conducts business not incidental to the insurance business shall establish separate accounts to segregate the assets of the insurance business from the assets of the businesses not incidental to the insurance business. Provided, that the Commissioner, by regulations, may limit the businesses not incidental to the insurance business that an International Insurer may carry out.

Article 61.060-Grounds for Non-Renewal, Revocation or Suspension of the Certificate of Authority

(1) The Commissioner shall refuse to renew, revoke or suspend the authorization of an International Insurer if:
(a) If it is a Branch and does not qualify or meet the requirements for such authorization.

(b) If it is an insurer organized under this Chapter and ceases to cover any capital deficiency, as required by the Commissioner.

(c) If the International Insurer knowingly acted beyond the powers stated in the Articles of Incorporation or its Certificate of Authority.

(2) The Commissioner may refuse to renew, revoke or suspend the authorization certificate of an International Insurer if:

(a) the insurer fails to comply with or contravenes any of the provisions in this Chapter, apart from the provisions with respect to which the refusal to renew, suspension or revocation is mandatory in case of noncompliance or contravention;

(b) there is failure to comply with any regulation approved pursuant to this Chapter or with any order of the Commissioner, duly notified in said order, within the term granted thereto; or

(c) for any of the reasons provided in clauses (3) and (6) of Article 3.210 of this Code.

(3) An International Insurer organized under the provisions of this Code, whose authorization is revoked and who maintains a solvent financial situation shall be liquidated, pursuant to the voluntary liquidation procedures provided in Articles 29.480 through 29.530 of this Code, as may apply, provided that:

(a) The notification required by Article 29.480(2) of this Code
shall be deemed as issued on the date of the revocation of the certificate of authority.

(b) Until the Certificate of Dissolution provided in Article 29.530 of this Code is submitted, the International Insurer shall continue to enjoy any tax exemption conferred upon it by virtue of this Chapter.

(4) Any Trust constituted pursuant to the provisions of Article 61.180 of this Chapter, by an International Insurer that operates as a Branch to which the Certificate of Authority is revoked and which maintains a solvent financial situation, shall be liquidated according to the procedure established in the Deed of Trust. Provided, that said Insurer shall continue to enjoy any tax exemption conferred upon it by virtue of this Chapter until the liquidation procedures provided herein are concluded.

Article 61.070-Business Name

The International Insurer shall be governed by the provisions set forth in Article 3.250 of this Code, as may apply.

Article 61.080-Minimum Capital and Surplus; Deposits

(1) No Certificate of Authority shall be issued to any International Insurer, unless it possesses and maintains intact capital and surplus:

(a) of not less than five hundred thousand (500,000) dollars in the case of a Class 1 Authority insurer;

(b) of not less than seven hundred fifty thousand (750,000) dollars in the case of a Class 2 Authority insurer;

(c) of not less than one million five hundred thousand (1,500,000) dollars in the case of a Class 3 Authority insurer;
insurer;
(d) of not less than one hundred million (100,000,000) dollars in the case of a Class 4 Authority insurer; and
(e) in the case of a Class 5 Authority insurer, not less than seven hundred fifty thousand (750,000) dollars of capital and surplus, in addition to the requirements for other classes of authority.

(2) With respect to the sums provided in Article 61.080(1), the insurer shall have and maintain a minimum capital of:
(a) not less than five hundred thousand (500,000) dollars in the case of a Class 1, Class 2 or Class 3 Authority insurer;
(b) not less than two million (2,000,000) dollars in the case of a Class 4 Authority insurer;
(c) in the case of a Class 5 Authority insurer, not less than seven hundred fifty thousand (750,000) dollars of capital in addition to any other capital required for another Authority class.

(3) The Commissioner may prescribe additional sums of capital and surplus according to the type, volume and nature of the insurance transactions to be carried out.

(4) The portion corresponding to capital shall be maintained in assets, as defined in this Chapter. Provided that, subject to the approval of the Commissioner, the capital may be maintained in an irrevocable letter of credit in the amount and in compliance with the requirements established by the Commissioner by rules or regulations.
(5) The portion corresponding to surplus may be held in assets as defined in this Chapter or in an irrevocable letter of credit, issued by a Puerto Rico bank or a bank that is a member of the Federal Reserve System, and approved by the Commissioner. The Commissioner may establish through regulations the requirements for accepting letters of credit to be used for this purpose.

(6) In Puerto Rico, at all times, an International Insurer shall maintain whichever is less among the following:
   (a) the capital and surplus it is required to maintain pursuant to Article 61.080(1), or
   (b) five million (5,000,000) dollars

Article 61.090-Premium Ratio; Liquidity Ratio
The International Insurer shall maintain, at all times, sufficient liquid assets, capital and surplus to satisfy the premium and liquidity ratios required in this Chapter, and any other ratio or standard that the Commissioner may require by regulations or orders.

Article 61.100-Annual Report
(1) The International Insurer shall prepare an annual statement of its true financial condition and its business transactions at the closing of the preceding Fiscal Year (the Annual Report),
   (a) The Annual Report shall be prepared using the 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 filed based upon statutory accounting principles. The Commissioner may
establish through regulation the statutory accounting standards that may apply to International Insurers.

(b) The Annual Report shall be audited by an independent certified public accountant, approved by the Commissioner and shall be authenticated with the sworn statement of at least two (2) of the principal officers of the International Insurer or its attorney-in-fact in the case of a reciprocal International insurer.

(2) The International Insurer shall file before the Commissioner a copy of its annual report, together with the notes thereto, before the last day of the fourth month following the International Insurer’s preceding Fiscal Year. The Commissioner may, upon presentation of a just cause, approve the filing of the Annual Report in a Fiscal Year other than the one set forth in this Chapter or grant a reasonable time extension for filing the Annual Report.

(3) In the case of the Class 2 Authority International Insurer, the Annual Report shall be accompanied with the opinion of an actuary with respect to the adequacy of the reserves for losses and adjustment expenses at least once every two years, beginning with the first year of operations.

(4) In the case of a Class 3 or Class 4 Authority International Insurer, the Annual Report shall always be accompanied with the opinion of an actuary with respect to the adequacy of the reserves for losses and adjustment expenses.

(5) All Class 5 Authority International Insurers shall file in the manner provided by the Commissioner, together with its annual
report, its actuary’s certification of its outstanding obligations with respect to the business transacted according to its Class 5 Authority.

(6) The International Insurer may keep its books and records in currency other than United States dollars, provided that its annual report is converted to its equivalent in United States dollars.

(7) All International Insurers shall also be subject to the provisions set forth in Article 3.330 of this Code.

(8) The International Insurer may list its reserves in the annual report on a discounted basis, with the approval of the Commissioner.

Article 61.110-Investments

The investments of the International Insurer may include, without limitation, assets, credit or preferential debt instruments, capital stock and other securities, tangible personal property subject to lease, mortgage loans and real property loans, loans on securities, repurchase transactions, reverse repurchase transactions, dollar roll transactions and hedging strategy. The Commissioner may prohibit or limit any investment that threatens the solvency or liquidity of an International Insurer.

Article 61.120-Dividends

(1) No International Insurer shall declare or pay dividends during a given fiscal year if such declaration or disbursement should cause said insurer to fail to comply with its premium or liquidity ratio. Any International Insurer that fails to comply with such ratios at the closing of a given fiscal year shall declare or pay dividends during the following fiscal year without the approval
of the Commissioner.

(2) No Class 4 Authority International Insurer shall pay dividends in any given fiscal year in excess of twenty-five (25) percent of its capital and surplus, as stated in its annual report for the previous fiscal year, unless the International Insurer files a sworn statement, signed by at least two (2) directors of the insurer and by its Principal Representative in Puerto Rico before the Commissioner at least fifteen (15) days prior to the payment of such dividends. Said sworn statement shall attest that in the opinion of the signers, the declaration of such dividends shall not cause the International Insurer to fail to comply with its premium ratio or its liquidity ratio.

(3) No Class 5 Authority International Insurer shall declare or pay dividends to any person that is not a policyholder, unless the value of the assets of its business conducted pursuant to its Class 5 Authority, certified as such by its actuary, exceeds the total amount of liabilities of said insurer’s business, and the total amount of said dividend does not exceed the aggregate of: (i) said excess amount; and (ii) any other funds that are duly available for the payment of dividends and which result from the business of the insurer that is not the business conducted pursuant to its Class 5 Authority.

Article 61.130-Reinsurance

(1) The International Insurer may reinsure its risks, or any part thereof, with any insurer or other person, by contract or transaction transferring or protecting against the risk, and in such a case said contract shall be accounted for as a deduction
from liabilities, pursuant to the provisions of Article 5.060(2) of this Code.

(2) Article 4.130 of this Code shall apply to the International Insurer.

Article 61.140-Insolvency

The International Insurer shall be subject to the provisions set forth in Chapter 40 of this Code, except that with respect to a branch, only the assets in trust shall be considered as the estate of the insurer. Provided, that none of the aforementioned provisions with respect to a Branch shall be construed as a limitation on the power of the Commissioner as liquidator to establish claims against the insurer’s assets.

The protection provided by the insurance guaranty associations under Chapters 38 and 39 of this Code shall not apply to the International Insurer, notwithstanding any reference made in Chapter 40 of this Code. It is further provided that, in the event of the insolvency of an International Insurer, the definition of “Assets” that appears in this Chapter shall apply.

Article 61.150-Intermediaries

No person shall act as an intermediary with respect to an International Insurer, and in relation to its risks in Puerto Rico, unless said person receives prior authorization from the Commissioner, pursuant to Chapter 9 of this Code and to the provisions established by the Commissioner by rules or regulations.

Article 61.160-Segregated Assets Plan

(1) With prior approval from the Commissioner, an International Insurer may establish and operate one or more segregated assets plans. The International Insurer shall submit to the Commissioner, not less than sixty (60) days in advance, the
Operational Plan it intends to use with respect to the creation and administration of a Segregated Assets Plan. If the Commissioner does not disapprove the same within thirty (30) days, as of the date of submittal, the Operational Plan shall be approved; although said term may be extended by the Commissioner, if he/she thus notifies it within said thirty (30) days.

(2) The Operational Plan of a Segregated Assets Plan shall at least contain the following:
   
   (a) Business objectives
   
   (b) Directors, officers in charge and managers
   
   (c) Obligations and the identification method thereof
   
   (d) Plan assets and identification method thereof
   
   (e) Investment policy with respect to the plan assets
   
   (f) Plan for the valuation of the liabilities, if any, provided, that all valuation plans shall be subject to the provisions in Article 28.170 of this Code with respect to the solicitations of Puerto Rico residents.

(3) The International Insurer shall submit to the approval of the Commissioner any amendments to the operating plan made after the initial approval, not less than thirty (30) days prior to its implementation.

(4) The assets of a Segregated Assets Plan approved by the Commissioner shall be available solely for the payment of obligations specifically identified in the corresponding Operational Plan and shall not be available for the payment of the obligations of other segregated assets plans or of the general
obligations of the International Insurer.

(5) No Segregated Assets Plan shall be considered as an entity with a juridical personality separate from that of the International Insurer for legal purposes. The approval of the Commissioner of a Segregated Assets Plan or its subsequent amendments shall not be construed in that sense.

(6) In the case of the liquidation or rehabilitation of an International Insurer under the provisions set forth in Chapter 40 of this Code, the Segregated Assets Plan shall not be available for the payment of the general obligations of the insurer, and on the other hand, the capital and surplus of the International Insurer shall not be available for the payment of the liabilities of the Segregated Assets Plan, except as provided in the operating plan.

(7) Assets transferred to a Segregated Assets Plan shall not be considered as a trust.

(8) In the case of the insolvency of a Segregated Assets Plan, the same shall be subject to the provisions of Chapter 40 of this Code, provided, that the definition of “Assets” that appear in this Chapter shall apply.

(9) The Commissioner may promulgate rules and regulations for the creation, administration and dissolution of the Segregated Assets Plans under conditions of solvency.

Article 61.170-Principal Representative

(1) If the Principal Representative of the International Insurer determines or becomes aware of the probability of the insolvency of said insurer or that any of the event described in
clause (2) of this Article have occurred, the Principal Representative shall notify the Commissioner thereof, in writing, within thirty (30) days, as of the date in which the Principal Representative made such determination or became aware of such probability.

(2) The events referred to in clause (1) of this Article and for which the notification by the Principal Representative is required are the following:

(a) If the International Insurer:
   i. substantially fails to comply with a condition imposed by the Commissioner with respect to the premium ratio, the liquidity ratio or any other ratio of the insurer, or
   ii. fails to comply with any aspect of any other condition that is not related to such ratios.

(b) If the International Insurer becomes involved in criminal proceedings in any jurisdiction.

(c) If the International Insurer ceases to transact insurance.

(3) Any Principal Representative who fails to comply with his/her duties pursuant to this Article shall incur in a violation of the provisions of this Code.

(4) The International Insurer may not terminate the relationship with its Principal Representative without first having obtained permission to do so in writing from the Commissioner. The Principal Representative may not resign, unless he/she notifies the International Insurer and the Commissioner in writing at least thirty (30) days in advance of the date on which such
Article 61.180-Requirements for Branch Operations

(1) A branch shall maintain a main office in Puerto Rico.

(2) An International Insurer operating through a branch in Puerto Rico shall segregate assets under a trust constituted pursuant to the laws of the Commonwealth of Puerto Rico for the benefit of all the policyholders and creditors in an amount at least equal to one hundred fifty (150) percent, or in the case of a Class 4 Authority International Insurer, one hundred ten (110) percent of the capital and surplus required to the International Insurer, as required to the International Insurer in Article 61.080 of this Chapter. Such assets shall be considered as “assets in trust” in Puerto Rico.

(3) In Puerto Rico, a Branch shall maintain, at all times, assets in trust in an amount that is equal to or less than the following:
   (a) the capital and surplus that an International Insurer is required to maintain pursuant to Article 61.080(1), and
   (b) ten million (10,000,000) dollars.

(4) The fiduciary or fiduciaries of all the trusts that are established pursuant to this Article shall be solvent banks or fiduciary companies, and shall be approved by the Commissioner. In no case may the fiduciary, directly or indirectly, through one or more intermediaries, control, be controlled by, or be under common control with the International Insurer that establishes the Branch pursuant to this Chapter, provided that the terms “control” or “controlled” shall have the meaning provided in Article 6.020 of this Code.
(5) The deed of trust and all its amendments shall be made according to the manner established by the Commissioner and shall contain, among others, provisions that:

(a) confer the legal title of the assets in trust to the fiduciary or fiduciaries for the protection of all the policyholders and creditors of the Branch;

(b) provide on the substitution with a new fiduciary or fiduciaries in the case of a vacancy due to death, resignation, or other reasons, subject to the approval of the Commissioner;

(c) require that, at all times, all the assets in trust be maintained in the trust separate and distinct from all other assets of the Branch;

(d) require that the fiduciary or fiduciaries maintain a record at all times which allows the identification of the assets in trust;

(e) provide that the asset withdrawals shall be made or allowed by the fiduciary or fiduciaries, pursuant to the conditions for the distribution of dividends provided in Article 61.120 of this Chapter; and

(f) establish the voluntary liquidation procedure in the case of the revocation of the Certificate of Authority for any reason other than insolvency.

(6) The Commissioner may, from time to time:

(a) examine the assets in trust of any Branch at the expense of the Branch, and

(b) require that the fiduciary or fiduciaries submit to
him/her a report in the form provided therefor by the Commissioner, certifying the assets of such trusts and the total value thereof.

(c) Refusal or negligence to comply by a fiduciary with the aforementioned requirements shall constitute grounds for the revocation of the Authority of said Branch or its liquidation.

(7) The aggregate value of the assets in trust of the International Insurer less the net aggregate amount of its liabilities and reserves, both determined pursuant to this Chapter, shall be known in Puerto Rico as the “fiduciary surplus.”

(8) Every Branch shall report its financial results with respect to its assets in trust and its fiduciary surplus based on the same method and in the same manner as required of an International Insurer, pursuant to Article 61.100 of this Chapter.

(9) When the Commissioner determines that, based on the financial statement or report required pursuant to clauses 6 or 8 of this Article, the fiduciary surplus of the Branch has been reduced to less than the minimum capital and surplus required of an International Insurer with Authority to transact the same Class of insurance pursuant to Article 61.080 of this Chapter, the Commissioner:

(a) shall determine the amount of the deficiency and direct the Branch to correct said deficiency within the term established by the Commissioner, but not later than ninety (90) days as of the notification of the order, and

(b) may order the revocation or suspension of the
Authority of said Branch.

(10) With prior presentation of the appropriate documentation, the Commissioner may recognize any group located outside of the United States, whose members are incorporated individual insurers not dedicated to any other business but the transaction of insurance as members of the group and unincorporated individual insurers as a Branch of an International Insurer, provided that all the members are subject to the same level of regulations regarding the solvency and control by the regulating entity of the domicile of the group.

(11) Any trust established pursuant to this Article shall not be considered as a taxpayer separate from the International Insurer for purposes of the Internal Revenue Code of 1994, as amended.

Article 61.190-Corporate Organization and Powers of International Insurers

This Article shall only apply to those International Insurers organized under this Code.

International Insurers shall organize pursuant to the provisions in Chapters 28, 29 and 33 of this Code, as may apply, subject to the following:

(1) It shall not be required that a minimum of the incorporators, organizers, directors, members or officers of any International Insurer, as provided in Chapters 28, 29 or 33 of this Code, be citizens or residents of the United States or residents of Puerto Rico, unless it is so required by the Articles of Incorporation, the Bylaws or other organizational document of the International Insurer.

(2) Any meeting of the shareholders, incorporators, organizers, directors or members of the International Insurer that is required
to be held in Puerto Rico due to any provision in Chapters 28, 29 or 33 of this Code, may be held outside of Puerto Rico or via telephone, if so provided in the Articles of Incorporation, Bylaws or other organizational document of said insurer.

(3) No incorporator, organizer, director, member or officer of an International Insurer shall be prevented from being selected or acting in such capacity under any provision in Chapters 28, 29 or 33 of this Code solely for the reason that such person owns an interest or has any relationship with a financial firm, a securities brokerage or a business of any other type, whether as director, employee or in any other capacity.

(4) It shall not be required that any director or officer of an International Insurer, due to any provision in Chapters 28, 29 or 33 of this Code, be a shareholder or member, in the case of a mutual insurer, of the International Insurer, unless it is so required in the Articles of Incorporation, Bylaws or any other organizational document of the International Insurer.

(5) The Articles of Incorporation, the Certificate of Authority or any other statement or evidence of the authority of the International Insurer shall state the class or classes of Authority, as provided in Article 61.020 of this Chapter, for which the International Insurer is authorized, and shall not be limited by the classes of insurance defined in Chapter 4 of this Code.

(6) An International Insurer that is a stock corporation may be incorporated by one or more incorporators.

(7) The par value of the stock of the International Insurer may not be less than the equivalent of one (1) dollar. Provided that, upon
prior authorization from the Commissioner, the Articles of Incorporation may be amended to reduce the par value of the shares.

(8) The requirement of prior approval from the Commissioner established in Articles 29.300 and 29.310 of this Code for unsecured loans and the repayment thereof shall not apply to the International Insurer, but the Commissioner may impose such a requirement by regulations.

(9) Articles 28.060 to 28.170 of this Code shall apply to the International Insurer solely with respect to solicitation or subscriptions of Puerto Rico residents.

(10) Articles 28.030, 29.070(1) (last sentence), 29.200 (6), 29.220, 29.250, 29.260(2), 29.320, 29.330(2), 29.340, 29.350, 29.380(1) (final phrase beginning with “but not less than”), 29.390(5) (the words “sections 501 through 515 of”), 29.460 (b) and 33.070(2)(k) shall not apply to the International Insurer. Provided, however, that the prohibition for officers and directors contained in Article 29.230 shall not apply to the International Insurers, provided that, the Articles of Incorporation, Bylaws or any other organizational document provide for such transactions to be carried out.

Article 61.200-Redomestication

(1) An insurer organized pursuant to the laws of a state of the United States or of any foreign jurisdiction may be converted into an International Insurer organized under the laws of Puerto Rico, provided that, the International Insurer is organized under the provisions of this Code and merges its operations with such
insurer, pursuant to the provisions in Chapter 29 of this Code.

(2) The International Insurer organized under this Code may, upon prior authorization from the Commissioner, transfer its domicile to a state of the United States or any other foreign jurisdiction to transact insurance business, provided that, upon carrying out such a transfer, it shall cease to be an International Insurer organized in Puerto Rico, and may be authorized in Puerto Rico if it meets the requirements of a Branch. The Commissioner shall approve the proposed transfer, unless he/she determines that the transfer would be contrary to the interests of the policyholders of the International Insurer or the sound administration of the insurer.

(3) The Certificate of Authority in effect at the time in which an International Insurer transfers its corporate domicile to any state of the United States or to any other foreign jurisdiction by means of a merger, consolidation or any other legal method, at the discretion of the Commissioner, shall continue to be in full force and effect while the transfer is carried out if the International Insurer is duly authorized to transact insurance in the jurisdiction to which its corporate domicile is transferred. All policies of the insurer being transferred that are in effect shall remain in full force and effect and shall not have to be endorsed with the new name or location of the insurer, unless so ordered by the Commissioner. All International Insurers who transfer shall notify the Commissioner in advance of the details of the transfer and shall expedite the filing of all amendments to the corporate documents filed with, or required to be filed by,
the Commissioner.

(4) The Commissioner may promulgate the regulations necessary for the implementation of the purposes of this Article.

Article 61.210- Prohibited Transactions with Officers and Directors

(1) Subject to the provisions set forth in clause (2) of this Article, an International Insurer may not, directly or indirectly:

(a) grant a loan to an officer of the insurer, or the spouse or child of such director or officer; or

(b) guarantee or provide a guarantee with respect to a loan made by another person to any of the persons referred to in subclause (a).

(2) None of the provisions in clause (1) of this Article, shall prohibit a loan from being:

(a) granted on a policy issued to a person referred to in clause (1)(a), when the amount of the loan is below the cash surrender value of a life insurance policy issued to such person by the International Insurer; or

(b) guaranteed by a first mortgage, when the amount of the loan does not exceed seventy-five (75) percent of the market value of the mortgaged property.

Article 61.220-Advertising

The International Insurer shall be subject to the provisions set forth in Article 10.040 of this Code.

Article 61.230-Fees and Charges

The Commissioner shall collect the following fees and charges:

(1) The filing fees of an application for a Certificate of Authority to act as an International Insurer shall be three hundred fifty (350)
dollars. Furthermore, the International Insurer shall pay the following Certificate of Authority application fees according to the Authority class being applied for:

(a) Class 1 Authority: seven hundred fifty (750) dollars
(b) Class 2 Authority: one thousand (1,000) dollars
(c) Class 3 Authority: two thousand five hundred (2,500) dollars
(d) Class 4 Authority: twenty-five thousand (25,000) dollars
(e) Class 5 Authority: seven hundred fifty (750) dollars

(2) Every International Insurer shall pay, on the date of its original authorization and of each renewal, an annual charge, as provided by the Commissioner by means of rules or regulations.

Article 61.240-Tax Treatment

(1) The income derived by the International Insurer or by an International Insurer Holding Company that complies with Article 61.040 of this Chapter shall not be included in the gross income of such entities and shall be exempted from the taxes levied pursuant to §§ 1001 et seq. of the “Puerto Rico Internal Revenue Code of 1994,” as amended. Income derived by the International Insurer or by the International Insurer Holding Company that complies with Article 61.040 of this Chapter by reason of the liquidation and/or dissolution of its operations in Puerto Rico shall be considered as income derived from the operations allowed by this law, thus having the same treatment, and not being included in the gross income of such entities.

(2) The shareholders or partners of an International Insurer or an International Insurer Holding Company that complies with
Article 61.040 of this Chapter shall not be subject to the income tax levied by the Puerto Rico Internal Revenue Code of 1994, as amended, nor to municipal license taxes imposed by Act No. 113 of July 10, 1974, as amended, known as the Municipal License Tax Act, with respect to distributions in the total or partial liquidation of an International Insurer or an International Insurer Holding Company that complies with Article 61.040 of this Chapter.

(3) The income derived from dividends and distribution of profits, in the case of a partnership, distributions in total or partial liquidation or other income items similar thereto received by an International Insurer or an International Insurer Holding Company that complies with Article 61.040 of this Chapter, shall not be considered gross income, pursuant to § 1022 of the Puerto Rico Internal Revenue Code of 1994, as amended, and therefore, shall be exempted from the payment of taxes, pursuant to §§ 1001 et. seq. of the Internal Revenue Code of 1994, as amended, and from the payment of municipal license taxes imposed by Act No. 113 of July 10, 1974, as amended, known as the “Municipal License Tax Act,” as amended.

(4) The International Insurer or International Insurer Holding Company that complies with Article 61.040 of this Chapter shall not have the obligation to file corporate or partnership tax returns, as provided in § 1052 of the Puerto Rico Internal Revenue Code of 1994, as amended. An International Insurer or an International Insurer Holding Company that complies with Article 61.040 of this Chapter that organizes itself as a
corporation of individuals pursuant to the Puerto Rico Internal Revenue Code, as amended, shall not have the obligation to file the returns and reports required by § 1054(e) of the referred Code. However, an International Insurer Holding Company that complies with Article 61.040 of this Chapter shall submit to the Commissioner and to the Secretary of the Treasury of Puerto Rico the Certification required by Article 61.040(6) of this Chapter.

(5) The provisions in § 1147 of the “Puerto Rico Internal Revenue Code of 1994,” as amended, that impose the obligation to deduct and withhold at the source the income tax on the payments made to non-resident individuals shall not apply to the interest (including origination discounts, letters of credit and other financial guarantees), dividends, distribution of profits in partnerships, distributions in total or partial liquidations, or other similar income items received from an International Insurer or an International Insurer Holding Company that complies with Article 61.040 of this Chapter, provided that these individuals are not engaged in industry or business in Puerto Rico.

(6) The provisions in § 1149 of the “Puerto Rico Internal Revenue Code of 1994,” as amended, that impose the obligation to deduct and withhold at the source the income tax on payments made for an interest attributable to alien non-resident shareholders on the income of a corporation of individuals shall not apply with respect to the attributable interest of the non-resident shareholders not engaged in industry or business in Puerto Rico of an International Insurer or an International Insurer Holding
Company that complies with Article 61.040 of this Chapter.

(7) The provisions of § 1150 of the “Puerto Rico Internal Revenue Code of 1994,” as amended, that impose the obligation to deduct and withhold at the source income tax on the payments made to foreign corporations and partnerships not engaged in industry or business in Puerto Rico shall not apply to interest (including the discount on origination, letters of credit and other financial guarantees), dividends, distributions of profit in partnerships, distributions in total or partial liquidations, or other similar income items, received by an International Insurer or an International Insurer Holding Company that complies with Article 61.040 of this Chapter.

(8) Income derived by an alien non-resident individual, not engaged in industry or business in Puerto Rico from interest (including the discount on origination, letters of credit and other financial guarantees), dividends, distributions of profit in partnerships, or other similar income items, received from an International Insurer or an International Insurer Holding Company that complies with Article 61.040 of this Chapter, shall not be subject to the payment of the taxes levied by § 1221(a)(1) of the “Puerto Rico Internal Revenue Code of 1994,” as amended.

(9) Income derived by a foreign corporation or partnership, not engaged in industry or business in Puerto Rico, as interest, (including the origination discount, letters of credit and other financial guarantees), dividends, distributions of profit in partnerships, or other similar income, received from an International Insurer or an International Insurer Holding
Company that complies with Article 61.040 of this Chapter, shall not be subject to the taxes levied by § 1231(a)(1)(A) of the “Puerto Rico Internal Revenue Code of 1994,” as amended.

(10) The income derived by an International Insurer as defined in Article 61.020(4) of this Chapter, shall not be subject to the taxes levied by § 1232 of the “Puerto Rico Internal Revenue Code of 1994.”

(11) None of the provisions of this Article shall be construed as a limitation on the powers of the Secretary of the Treasury to apply the provisions in § 1047 of the “Puerto Rico Internal Revenue Code of 1994,” as amended to an International Insurer or an International Insurer Holding Company that complies with Article 61.040 of this Chapter, or to any other person.

(12) International Insurers or International Insurer Holding Companies that comply with Article 61.040 of this Chapter shall be exempted from the payment of municipal license taxes levied by Act No. 113 of July 10, 1974, as amended, known as the “Municipal License Tax Act,” as amended, as well as any other type of tax, assessment, fee, license, excise tax, levy and tariff, as provided in the “Autonomous Municipalities Act,” Act No. 81 of August 30, 1991, as amended.

(13) The personal and real property that belongs to an International Insurer or to an International Insurer Holding Company that complies with Article 61.040 of this Chapter shall be exempted from the payment of personal and real property taxes imposed by Act No. 83 of August 30, 1991, better known as the “Municipal Property Tax Act of 1991,” as amended.

(15) The Commissioner and the Secretary of the Treasury, jointly, shall promulgate the rules and regulations they deem necessary for the implementation of this Article.

Article 61.250-Confidentiality

(1) The information submitted to the Commissioner according to this Chapter, and the regulations adopted thereunder by the Commissioner, shall be maintained confidential, except:

(a) When the disclosure of said information is required by law or court order, or

(b) by formal request from a domestic or foreign government agency in the exercise of its supervisory duties, when the Commissioner has grounds to believe that it is in the best public interest. In such cases, the information shall be provided under a binding agreement with the government agency concerned to maintain the confidential nature of said information. Provided, that this exception shall in no case be extended to information regarding the clients of the International Insurer.

(c) The Commissioner may, at his/her discretion, disclose said information in all cases in which the disclosure is made for purposes of assisting the Commissioner or any other authority in the exercise of regulatory duties.
Article 61.260-Powers of the Commissioner

(1) The Division of International Insurers and Reinsurers of the Office of the Commissioner of Insurance is hereby created for purposes of the administration of the provisions in this Chapter, under the supervision of the Commissioner.

(2) The Commissioner may establish regulations and, from time to time, amend them, as well as issue orders pertaining to International Insurers as needed so that the Commissioner may properly supervise compliance with the provisions in this Chapter.

(3) The Commissioner may exempt, by means of regulation or order, certain International Insurers from the provisions in this Chapter that the Commissioner determines as inadequate, given the nature of the risk to be insured.

(4) No business transaction shall be null or annulable for the sole reason that at the pertinent time in the transaction one of the parties fails to comply with a provision of this Chapter.

(5) The International Insurer shall be subject to the provisions set forth in Chapter 2 of this Code and to Articles 1.170 and 3.211 of this Code, as well as all regulations promulgated thereunder.

Article 61.270-Summons

International Insurers shall be summoned pursuant to Articles 3.270 and 3.280 of this Code.”

Section 2.- Effect of Existing Laws

Insofar as the provisions of this Act are inconsistent with any other law of Puerto Rico, the provisions of this Act shall prevail.
Section 3.- Severability of the Provisions

The provisions in this Act are independent and severable. If any of the provisions herein is declared unconstitutional by a Court with jurisdiction and competence the remaining provisions of this Act shall not be affected and the law thus modified by a ruling of said court shall remain in full force and effect.

Section 4.- Date of Effectiveness

This Act shall take effect immediately after its approval for the sole purpose that the Commissioner of Insurance of Puerto Rico may adopt the necessary regulations for its implementation. The remaining provisions shall take effect one hundred eighty (180) days after its approval.
CERTIFICATION

I hereby certify to the Secretary of State that the following Act No. 399 (H.B. 4720) of the 7th Session of the 14th Legislature of Puerto Rico:

AN ACT to adopt Chapter 61 of Act No. 77 of June 19, 1957, as amended, known as the “Insurance Code of Puerto Rico,” to establish the legal basis to develop Puerto Rico as an International Insurance Center, through which insurers and reinsurers may export and import insurance and services related to the insurance industry. These entities shall provide insurance and insurance consulting services exclusively in international markets and to captive entities, while the entities engaged in the reinsurance business shall provide insurance and related services within Puerto Rico and abroad,

has been translated from Spanish to English and that the English version is correct.

In San Juan, Puerto Rico, today 19th of October of 2006.

Francisco J. Domenech
Director