



COMMONWEALTH OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF INSURANCE

December 19, 2014

CIRCULAR LETTER NO.: CC-2014-1855-EX

TO ALL DOMESTIC INSURERS AUTHORIZED TO TRANSACT PROPERTY INSURANCE

CATASTROPHIC LOSS RESERVE

Dear Sirs and Madams:

Section 25.030 of the Puerto Rico Insurance Code contains the provisions under which domestic insurers shall establish the catastrophic loss reserve, hereinafter "the reserve." The Section requires, among other things, that all domestic insurers should annually calculate the reserve by applying the rate that the Commissioner may determine from time to time to net direct premium for that year. The reserve calculated with this method shall be added to the reserves established in previous years.

As provided in paragraph two (2) of Section 25.030 of the Puerto Rico Insurance Code, we have established that for 2014 the rate will be one percent (1%). The information for determining the net direct premium to which the rate will be applied will be based on the information included on page 19 (*Statutory Page 14*) of the insurer's 2014 annual report. The following percentages will be used to determine net direct premium, according to the respective coverage:

Coverage	% of Written Premium - 2014
1. Fire	100%
2. Earthquake	100%
3. Commercial Multiple Risk ("Non-Liability")	100%
4. Home Owners' Multiple Risk	85%
5. Other Allied Lines	75%
6. Automobile Physical Damage	2%
7. Land Transportation	85%
8. Maritime Risk	75%

This one percent (1%) will constitute the contribution to the reserve and the amount of assets to be deposited in the Catastrophe Reserve Trust will be the amount resulting from the sum of all of the amounts that were obtained individually by applying the percentages indicated above to the premium for each coverage, as applicable.

We remind you that according to paragraph (1) of Section 25.040 of the Puerto Rico Insurance Code, the insurers shall have deposited the money equivalent to said reserve with the trustee no later than January 31, 2015. The manner in which the reserve shall be filed and accounted for will be governed by the provisions of Rule 72 of the Regulations of the Puerto Rico Insurance Code, as amended, as well as the provisions of Ruling Letter N-E-2-68-95, dated March 10, 1995, as amended by Circular Letter E-06-1611-2001, dated September 14, 2011, that are not incompatible with the provisions of said Rule.

Strict compliance with the provisions of this Circular Letter is hereby ordered.

Very truly yours,

Ángela Weyne-Roig
Commissioner of Insurance