

(H. B. 428)

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20th ASSEMBLY 2nd ORDINARY
LEGISLATIVE SESSION
Act No. 130
Approved on November 24, 2025

ACT

To add a new subsection (5) to Section 61.020; renumber the subsequent subsections and add a new Section 61.051 to Act No. 77 of June 19, 1957, as amended, the “Puerto Rico Insurance Code”, to create Subclasses 3-M, 4-M, and 5-M, applicable to international insurers that operate as Multistate International Insurers, to align the regulation parameters under which these subclasses may conduct insurance business in another state or territory of the United States in accordance with the National Association of Insurance Commissioners (NAIC) uniform financial solvency regulation standards; and for other related purposes.

STATEMENT OF MOTIVES

The International Insurance Center, established under Act 399-2004, as amended, and its provisions as adopted under Chapter 61 of the Puerto Rico Insurance Code, constitute the legal basis under which an international insurer or reinsurer may be authorized to export insurance and related services to international markets. The International Insurance Center’s service infrastructure and the ways in which it may be used provide a diverse variety of operating plans, such as an International Insurer, Holding Company, Branch, Segregated Asset Plans and risk assessment. Under this unique structure, a series of special incentives are provided to devise a favorable tax structure under which these entities and their holding companies can be introduced to the international insurance market.

In recent years, the international insurance sector has experienced a positive growth trend. International insurer and reinsurer participation in the International Insurance Center has reached a total of 34 authorized insurers, with assets increasing from \$6.9 billion in 2022 to \$10.479 billion in 2023, mainly due to business relocating from foreign countries such as Bermuda and the Cayman Islands to the Puerto Rico International Insurance Center. Total premiums written and assumed by international insurers reached \$1.316 billion in 2023 and have experienced sustained growth in recent years.

The International Insurance Center in itself has great economic growth potential for Puerto Rico; therefore, in order to maximize and continue its development, we must foster a stable, competitive, and reliable international insurance market. This vision requires focus on promoting market growth, protecting consumers, increasing operational capacity, and strengthening financial resilience, which will ultimately support economic growth.

In the insurance industry, our unique relationship with the United States through the National Association of Insurance Commissioners (NAIC) provides us with a uniform regulatory environment consistent with the financial solvency parameters established in the states for their insurance business. The NAIC Accreditation Program’s regulatory standards identify uniform

criteria for insurer financial solvency and encourage cooperation among state insurance regulators, which improves the oversight of multistate international insurer operations and ultimately reduces the cost of the inefficiencies caused by a plurality and variety of regulatory standards. This only works if each accredited U.S. jurisdiction adopts and implements the uniform laws and regulations required of its domestic insurers under the standards established by the NAIC Accreditation Program.

It is essential that Puerto Rico continue to characterize itself as a competitive and respected jurisdiction and maximize its NAIC accreditation, which allows for interstate cooperation, reduces regulatory redundancies, and provides basic consumer and public interest protections. Being accredited is a vital component for economic development as it ensures that the insurance regulatory framework meets national standards—elements that positively impact economic development and strengthen financial stability and market confidence.

This legislation intends to establish the regulatory parameters applicable to an international insurer or reinsurer with Class 3, 4, or 5, or combination of these classes, under Chapter 61, and that operates as a multistate international insurer. International insurers or reinsurers that are granted Subclass 3-M, 4-M or 5-M designation under this legislation to operate as multistate international insurers shall be subject to compliance with the financial solvency regulatory provisions consistent with the uniform standards of the NAIC Accreditation Program.

BE IT ENACTED BY THE PUERTO RICO LEGISLATIVE ASSEMBLY:

Section 1. – A subsection (5) is hereby added and subsequent subsections (6) through (26) are hereby renumbered as subsections (7) through (27) to Section 61.020 of Act No. 77 of June 19, 1957, as amended, which shall read as follows:

“Section 61.020. — Definitions.

(1) ...

...

(5) “Multistate International Insurers” – Means that international insurer with authority 3, 4 or 5, which: (a) is a licensed insurer in at least one state in addition to Puerto Rico; (b) operates in at least one state and, in addition, holds a certificate of authority from Puerto Rico; (c) is accredited or certified reinsurer in at least one state and, in addition, holds a certificate of authority from Puerto Rico; (d) reinsures business covering risks residing in at least one state and, in addition, holds a certificate of authority from Puerto Rico; or (e) operates as a surplus lines insurer in at least one state and, in addition, holds a certificate of eligibility from Puerto Rico. For purposes of the foregoing, the term “state” shall have the same meaning provided in Section 3.010(5) of this Code.

...

(27) “Risk assessment” ...”

Section 2. - Section 61.051 is hereby added to Act 77 of June 19, 1957, as amended, which shall read as follows:

“Section 61.051. – Additional Requirements Applicable to Multistate International Insurers.

(1) Multistate International Insurers shall enjoy a Subclass 3-M, 4-M, or 5-M designation, as applicable, and shall comply with the provisions of Chapter 61 of this Code and with the provisions listed in subsection (2) of this Section, as well as with applicable regulations. In case of conflict, compliance with the provisions of subsection (2) of this Section shall prevail.

(2) Multistate International Insurers shall comply with the following provisions of this Code that, by its terms, are applicable to the operation of such Multistate International Insurers: (a) Sections 2.100 through 2.250; (b) Sections 3.300 through 3.330; (c) Section 4.140; (d) Sections 5.010 through 5.110; (e) Sections 6.020 through 6.160; (f) Sections 32.010 through 32.080; (g) Sections 44.010 through 44.140; (h) Sections 45.010 through 45.130; (i) Sections 46.010 through 46.140; (j) Sections 53.010 through 53.090.

Multistate International Insurers shall participate in the guaranty fund associations of each state in which they are authorized to underwrite insurance business in accordance with the regulations of any such state. In the event that a liquidation proceeding is initiated by the state in which it was authorized, the Commissioner shall act as an auxiliary receiver in accordance with the provisions of Chapter 40 of the Puerto Rico Insurance Code.

(3) International insurers or reinsurers holding a Subclass 3-M, 4-M, or 5-M designation shall enjoy the same tax treatment recognized under Class 3, 4, or 5 Authority in this Chapter.

(4) The Certificate of Authority of an international insurer or reinsurer holding Subclass 3-M, 4-M, or 5-M under this Section shall expressly state its designation, as applicable. Multistate International Insurers shall also be subject to the regulations and rules issued by the Office of the Commissioner of Insurance.

(5) Nothing in this Section shall apply to an international insurer or reinsurer authorized under this Chapter which, in accordance with its business plan, underwrites or assumes reinsurance risks in reinsurance located or to be performed in countries outside the jurisdiction of the United States, or which operates as: (a) a captive insurer; (b) a segregated asset plan(s); or (c) a non-admitted reinsurer and holding funds on deposit or in trust as security for payment under its reinsurance contracts with ceding insurers in the United States, in compliance with the applicable provisions of the states in which such ceding insurers are domiciled.”

Section 3. – Transition.

Multistate International Insurers shall have a period of one (1) year, as of the effective date of this Act, to submit an amended business plan evidencing compliance with the provisions of Section 61.051 of the Code to the Commissioner for approval.

Section 4. – Regulation.

The Commissioner of Insurance of Puerto Rico may promulgate such regulations as may be necessary for the implementation of this Act, pursuant to Section 61.260 of the Code and the Uniform Administrative Procedure Act or any subsequent law that may substitute the same.

Section 5. – Severability.

If any clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, subtitle, or part of this Act is annulled or declared unconstitutional, the resolution, ruling, or judgment issued to such effect shall not affect, impair, or invalidate the remainder of this Act. The effect of said resolution, ruling, or judgment shall be limited to the clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, subtitle, or part thereof that has been annulled or declared unconstitutional. If the application to a person or a circumstance of any clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, subtitle, or part of this Act should be invalidated or declared unconstitutional, the resolution, ruling, or judgment issued to such effect shall not affect or invalidate the application of the remainder of this Act to those persons or circumstances to which it may be validly applied. It is the express and unequivocal will of this Legislative Assembly that the courts enforce the provisions and application of this Act to the fullest extent possible, even if any of its parts are rendered null and void, annulled, invalidated, impaired, or declared unconstitutional, or even if its application to any person or circumstance is rendered null and void, invalidated, impaired or declared unconstitutional. This Legislative Assembly would have approved this Act regardless of any determination of severability that the Court may make.

Section 6. – Effectiveness.

This Act shall become effective immediately after its approval.

STATE DEPARTMENT
Certifications, Regulations, Registry of Notaries and Sale of Laws
I certify that this is a true and exact copy of the original.
Date: NOVEMBER 25, 2025

[signature]
Rosachely Rivera Santana
Secretary of State