

Government of the Commonwealth of Puerto Rico
OFFICE OF THE COMMISSIONER OF INSURANCE OF PUERTO RICO
Guaynabo, Puerto Rico

**RULE NUMBER 83 OF THE REGULATIONS
OF THE PUERTO RICO INSURANCE CODE**

**STANDARDS AND PROCEDURES FOR THE REGULATION OF INSURERS AND
HEALTH SERVICES ORGANIZATIONS HOLDING COMPANY SYSTEMS AND
CRITERIA FOR EVALUATING CHANGES IN CONTROL**

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SECTION 1.- AUTHORITY AND APPLICABILITY

The Office of the Commissioner of Insurance of Puerto Rico (OCS) adopts Rule No. 83 of the Regulations of the Insurance Code of Puerto Rico, under the provisions of the Sections 44.090 and 2.030 of Public Law No. 77, enacted on June 19, 1957, as amended, of the Puerto Rico Insurance Code, and the provisions of Public Law No. 170, enacted on August 12, 1988, as amended, the Uniform Administrative Procedures Act of Puerto Rico.

The standards established in this Rule shall be applicable to all domestic insurers or health services organizations that are part of an insurance holding company system; to all affiliates of such insurers; and to any person who has control, whether direct or indirect, or seeks to have control or enter into a merger agreement with any such domestic insurer or health services organizations, pursuant to the provisions of the Chapter 44 of the Insurance Code of Puerto Rico.

SECTION 2.- PURPOSE

Rule 83, Department of State Regulation 7966, is repealed, and a new Rule 83 is adopted for the purpose of updating the standards and procedures that the Office of the Commissioner of Insurance of Puerto Rico will use to regulate the activities of the insurance holding company system and health services organizations that operate in Puerto Rico and to establish the criteria to be used for the approval or denial of approval of any transaction that constitutes a change of control of a domestic insurer or health services organization.

This Rule also proposes updating the mechanisms, such as Form F for enterprise risk, for identifying, restricting, and preventing any activity or transaction in such systems that endangers the financial stability of any affiliated domestic insurer or health services organization.

The information required in this Rule is necessary and appropriate for an adequate regulation of the insurance industry and the protection of the public interest, and it is adopted according to the most recent changes in the model regulation promulgated by the National Association of Insurance Commissioners (NAIC), the Insurance Holding Company System Model Regulation with Reporting Forms and Instructions.

SECTION 3. - STATEMENT OF NEED AND OBJECTIVE

Chapter 44 of the Puerto Rico Insurance Code, the Act to Regulate the Control Relationship of Insurers or Health Services Organizations with Insurance Company

Parent Entities, (Chapter 44) established the authority for regulating the operations and the control relationship within the holding companies systems that are authorized in Puerto Rico. This regulation addresses the particular circumstances that warrant the supervision and monitoring of holding company systems, where some affiliates are not active in the insurance industry.

As a result of the 2008 financial crisis, insurance industry regulators within the jurisdiction of the United States, through the NAIC, promulgated new regulations that are applicable to insurance company holding systems, for purpose of ensuring a robust supervision and stable financial market in the insurance industry sector. The new model regulations promulgated by the NAIC, in addition to updating the criteria to be used by the Commissioner to approve or deny approval of a change of control transaction of an insurer or health services organization, add requirements for identifying enterprise risk within the system that could have an adverse effect on the financial situation of an insurer or health services organization.

Enterprise risk is an important factor that must be evaluated by regulators, given the concern that the insolvency of one of the members of the holding company system could have repercussions on the financial solvency of the other members. This Rule establishes the forms that are needed for compliance with Chapter 44, including Form F for reporting enterprise risk.

The implementation of the provisions of this new Rule is consistent with the Insurance Holding Company System Model Regulation with Reporting Forms and Instructions (MDL-450) of the NAIC, and constitutes one of the criteria required by the NAIC for our

Office to retain the accreditation granted by that body, as it contains the appropriate standards for monitoring the insurance industry.

SECTION 4.- DEFINITIONS

The following terms shall have the meanings set forth below, except as another meaning may be derived from the text of any other provision of this Rule:

- A. "Affiliate" - means an entity that directly, or indirectly through any of its intermediaries, controls or is controlled by or is under the control of a specific entity.
- B. "Control." The term "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract other than a commercial contract for goods or non-administrative services, or otherwise, unless the power is the result of an official position held by the person. Control shall be presumed to exist if any person, directly or indirectly, owns, controls, holds ten percent (10%) or more of the voting securities with the power to vote, or holds proxies representing such amount, of any other person. This presumption may be rebutted by means of a disclaimer of affiliation established under this Rule. The commissioner may determine that control exists in fact, after notifying all interested parties, holding a hearing, and making specific

findings of fact to support the determination, notwithstanding the presumption to the effect that control exists.

- C. "Person"- means any natural person, insurer, health services organization, association, labor union, body, company, corporation, partnership, corporate entity, trust, legal person or entity
- D. "Person having ultimate control" - means the person who controls other persons, and who in turn, is not controlled by others.
- E. "Executive officer" - means the chief executive officer, the chief operations officer, the chief financial officer, the treasurer, the secretary, the comptroller or any other officer who performs similar functions as those performed by said officers under whatever title.
- F. "Health services organization" - means any person offering or undertaking to provide one or more health care plans under Chapter 19 of the Code.
- G. "Holding Company System" means two (2) or more affiliated persons, one or more of which is an insurer or health services organization, organized under the laws of the Commonwealth of Puerto Rico.
- H. "Subsidiary" - means an affiliate controlled directly or indirectly by one or more intermediaries.

Terms that are not specifically defined in this Rule shall have the same meaning given to the terms in the Chapter 44 of the Insurance Code or otherwise in the Insurance Code.

SECTION 5.- FORMS: GENERAL REQUIREMENTS

- A. Forms A, B, C, D, E, and F are designed to serve as guides for preparing the statements that are required under this Rule. The statements prepared according to the forms shall include the numbers and titles of all of the sections, but the text of any of the sections may be omitted, provided that the answers are prepared so that their scope and content is clearly stated. All instructions shall be omitted in preparing the statements, whether those included in the sections or in any other part of the form. Except as expressly provided otherwise, if any section is not applicable or the answer is negative, it shall be so stated.
- B. Each statement, including the appendixes and any other document that may be required, shall be hand delivered to the Commissioner or sent by ordinary mail to the official address of the Office. If not hand signed because of a power of attorney or similar authorization, a copy of the power of attorney or respective authority shall be included along with the statement.
- C. The statements shall be prepared on 8 ½" x 11" paper, preferably held together at the upper left corner. The exhibits and financial statements, unless they have been prepared specifically for the statement, shall be submitted in their original size. All copies of any statement, financial statements or exhibits, must be clear, legible, and appropriate for photocopying. Debits in credit categories and credits in debit categories must be clearly distinguishable in photocopies. The statements must be written in English or Spanish and monetary values must be shown in US currency. If any exhibit, text, or document included with the

statement is written in a foreign language, a translation into Spanish or English must be included and monetary values shown in foreign currency must be converted into US currency.

SECTION 6. - FORMS: INCORPORATION BY REFERENCE, SUMMARIES AND OMISSIONS

- A. The information required in any section of Forms A, B, D, E or F may be included by reference in answering completely or partially any other section. Information contained in any financial statement, annual report, power of attorney, statement filed with a government entity, or any other document may be included by reference in answering completely or partially any section of Forms A, B, D, E or F, provided that the document or text is included as an exhibit to the statement. Extracts of the referenced documents may be attached if the documents are lengthy. It will not be necessary to include as exhibits documents that have been previously filed with the Office of the Commissioner, provided that they have been filed within the past three (3) years. References to information included in the exhibits or documents that were previously filed shall be clearly identified and clearly state that such material shall be included by reference as an answer to the section. No information shall be included by reference if such inclusion will result in an incomplete or confusing statement.
- B. Where an item requires a summary, an outline or a brief description of the provisions of a document, only a brief statement regarding the pertinent

provisions of the document will be furnished. In addition to the statement, the summary or outline may include by reference specific parts of an exhibit or document that are currently on file with the Office of the Commissioner as of the past three (3) years, and through such reference the document or exhibit will be accepted in its entirety. If two (2) or more documents that must be filed as exhibits are substantially identical in all of their relevant sections, except for the parties thereto, the dates of execution and other details, only a copy of one of the documents will be filed with a schedule identifying the omitted documents and stating the pertinent sections of the documents that are different.

SECTION 7. - FORMS: UNKNOWN OR UNAVAILABLE INFORMATION AND EXTENSION OF TIME TO FURNISH

If at the time the information, document, or report cannot be provided as required in the for, a separate document may be filed at the Office of the Commissioner that:

- (1) Identifies the information, document or report in question;
- (2) Establishes the reason why it is not possible to file such document when requested; and
- (3) Requests an extension of time for submitting such information, document or report for a specific date. It shall be deemed that the extension of time has been granted unless the Commissioner has denied the request in writing, within 60 days from the receipt of the request for an extension of time.

SECTION 8. -ADDITIONAL INFORMATION AND EXHIBITS

The Commissioner, in addition to the information that is expressly required in Forms A, B, C, D, E and F, may request any information that is deemed relevant for ensuring a correct understanding of the information in the forms. The person who makes the filing shall also file such exhibits as he or she may wish, in addition to those that are expressly required in the statement. The exhibits included with the statements shall be clearly marked to specify the referenced materials. Changes made to any of Forms A, B, C, D, E or F shall show the phrase "Change No. [insert number] to" on the upper part of the first page and indicate the date of the change and not the date of the original filing.

SECTION 9.- SUBSIDIARIES OF DOMESTIC INSURERS OR HEALTH SERVICES ORGANIZATIONS

The authority to invest in subsidiaries under Chapter 44 of the Puerto Rico Insurance Code is in addition to any other authority to invest in subsidiaries that may have been established in any other provision of law.

SECTION 10.- ACQUISITION OF CONTROL: FILING FORMS A AND E

Any person that proposes to acquire control or execute a merger agreement with a domestic insurer or health services organization shall provide the information required in Forms A and E, which are made a part of this Rule

SECTION 11.- AMENDMENTS TO FORM A

Any person who has filed a statement of acquisition of control or merger with a domestic insurer or health services organization shall immediately inform the

Commissioner with regard to any change in the information provided on Form A that may have arisen after the filing and before the date of notification of the Commissioner's determination regarding the application.

SECTION 12-. ACQUISITION OF CONTROL OF A DOMESTIC INSURER OR HEALTH SERVICES ORGANIZATION

A. If the person acquired or merged is considered under Section 44.030(a) of the Code to be a "domestic insurer" or a "domestic health services organization," the first page of the form shall show the name of the person who will have control as indicated below:

"Insurer or Health Services Organization ABC," a
subsidiary of Controlling Person XYZ"

B. When an acquisition or a merger agreement is being effected under Section 44.030(a) of the Code with a domestic insurer or health services organization, Form A shall refer to both parties, the entity to be acquired or merged and the domestic insurer or health services organization.

SECTION 13.- PRE-ACQUISITION OR MERGER NOTICE, FILING OF FORM E

Any person proposing to effect an acquisition or a merger with a domestic insurer or health services organization shall file Form E, which refers to pre-acquisition or merger notification.

All insurers or health services organizations authorized to transact insurance business in Puerto Rico proposing to effect an acquisition or a merger under the provisions of Section 44.040 with a domestic insurer or health services organization shall file Form E, which refers to pre-acquisition or merger notice

In addition to the information required in Form E, the commissioner may request expert opinion to establish the competitive impact of the proposed acquisition.

SECTION 14.- ANNUAL REGISTRATION - FILING FORM B

All insurers or health services organizations authorized to transact insurance business in Puerto Rico and that are part of a holding company system shall make an annual filing on or before March 31, as provided in Section 44.050 of the Insurance Code, with the information required on Form B, which is made a part of this Rule.

SECTION 15.-SUMMARY OF REGISTRATION- FILING OF FORM C

All insurers or health services organizations authorized to transact insurance business in Puerto Rico and that are part of a holding company system and are also subject to the annual registration requirement as provided in Section 44.050 of the Insurance Code shall make an annual filing along with Form B of this Rule, the information required on Form C, which is made a part of this Rule.

SECTION 16.- AMENDMENTS TO FORM B

- A. If needed, any amendment to Form B shall be filed within fifteen (15) days, counted from the last day of the month in which there is a material change to the information provided in the annual registration form
- B. The amendments shall be submitted using Form B and information shall only be furnished for the Sections that are being amended. The upper portion of the first page of all amendments shall be marked "Amendment No. [insert the number] to Form B for [insert the year]" and shall indicate the effective date of the change and not the date of the original filing.

SECTION 17.- ALTERNATIVE AND CONSOLIDATED REGISTRATION

- A. Any insurer or health services organization authorized to do business in Puerto Rico that belongs to a holding company system may file a statement of registration on behalf of the insurer or health services organization to which it is affiliated. The Commissioner may request that information be provided on the statement of registration that is not expressly required in the Puerto Rico Insurance Code with regard to an insurer or health services organization that is part of a holding company system, even when such is not authorized to transact insurance business in Puerto Rico.

In lieu of filing a registration statement under Form B, the authorized person may file a copy of the registration statement or a similar report, as may be required in the person's state of domicile, provided that:

- (1) The statement or report contains information that is substantially similar to the information required in Form B of this Rule; and
 - (2) The person filing the statement is the principal insurer or health services organization in an insurance holding company system.
- B. The determination regarding whether the person filing the statement or report is the principal insurance company or health services organization in the insurance holding company system is a question of fact. The person who files the statement or report shall include a brief statement of the facts that evidence that the person is the principal insurance company or health services organization in the insurance holding company system
- C. If previously authorized by the Commissioner, an insurer or health services organization that has not been authorized but belongs to a holding company system, may carry out the registration procedure that could have been performed by an authorized insurer under paragraph A
- D. The Commissioner may allow two (2) or more affiliated insurers or health services organizations to file a consolidated or alternative registration form, without prior authorization by the Commissioner. Nevertheless, the Commissioner reserves the right to require that separate filings be made if the Commissioner deems it necessary for purposes of clarity, to facilitate administrative procedures or for reasons of public interest

SECTION 18.- DISCLAIMER OF AFFILIATION AND REQUEST FOR TERMINATION OF REGISTRATION

A. A disclaimer of affiliation or a request for termination of registration in which a person claims that the person no longer controls, or than once a certain event occurs or a certain action is taken, the person will no longer control another person (hereinafter, "the subject"), shall contain the following information:

- (1) The number of authorized, issued and outstanding voting securities;
- (2) With respect of the person whose control is denied and all the affiliates of said person, the number and percentage of the subject's voting securities which are represented by certificates or that are known to be beneficially owned and the number of shares for which there is a preferential right of acquisition, whether directly or indirectly
- (3) Any material relationships and the grounds for affiliation between the subject and the person whose control is being denied and all affiliates of said person
- (4) A statement explaining why the person should not be considered to control the subject.

A. A request for termination of registration shall be deemed to have been granted if after thirty (30) days from the receipt of the request the Commissioner has not denied the request.

SECTION 19.- TRANSACTIONS SUBJECT TO PRIOR NOTICE, FILING OF FORM D

A. . Insurers and health insurance organizations have the obligation to notify a proposed transaction within a holding company system, as provided in Section 44.060 of the Insurance Code, and to such effect shall provide the required information on Form D, which is made a part of this Rule, at least thirty (30) days in advance of the intended date of the transaction.

B. Any administrative agreement, service contract, warranty, and shared expenses agreement within a holding company system subscribed to by a domestic insurer or health services organization, shall contain at least, as applicable, the following information:

- (1) Identification of the person who will provide the services and the nature of such services;
- (2) The methods to be used for the distribution of the shared expenses;
- (3) Periodic reconciliation of accounts among affiliates, at least quarterly and in compliance with the requirements of the Accounting Practices and Procedures Manual promulgated by the NAIC;
- (4) Prohibition of advancing funds by the insurer or health services organization to the affiliated company, except for payments for services set forth in the agreement or contract;
- (5) The insurer or health services organization shall supervise the functions or services to be provided by an affiliate and the insurer or health services organization will monitor the services annually for quality measurement purposes;

- (6) The books and records of the insurer or health services organization, include or refer to all of the books and records developed or maintained under or related to the contract;
- (7) All of the books and records of the insurer or health services organization are under the control of the insurer or health services organization and shall be kept under such control;
- (8) All funds and assets invested by the insurer or health services organization are owned solely by the insurer or health services organization, managed for their benefit, and are subject to the control of the insurer or health services organization;
- (9) Including requirements for the termination of the agreement or contract, with or without cause;
- (10) Including provisions for the indemnization of the insurer or health services organization in the event of gross negligence or misconduct of the affiliate in providing services;
- (11) If the Commissioner places the insurer or health services organization in a rehabilitation or liquidation process under Chapter 40 of the Insurance Code:
 - (a) All of the rights of the insurer or health services organization under the agreement will be extensive to the Commissioner or liquidator, and

- (b) All books and records will be made available immediately to the Commissioner or liquidator and, at their request, shall be immediately delivered to the Commissioner or liquidator;
- (12) The affiliate will not have the right to automatically cancel the contract if the Commissioner initiates liquidation proceedings against the insurer or health services organization as provided in Chapter 40 of the Insurance Code and
- (13) Even if the Commissioner initiates rehabilitation proceedings under Chapter 40 of the Insurance Code, the affiliated person may continue to manage any system, program or other infrastructure of the insurer or health services organization, and will make such available to the Commissioner or liquidator, for the time the person continues to receive payment for services rendered as determined by the Commissioner or the liquidator.

SECTION 20.- ENTERPRISE RISK REPORT

The person that has ultimate control of a domestic insurer or health services organization shall file with the Commissioner, on or before March 31 of each year, an annual report on enterprise risk as provided in Section 44.050(m) of the Code, in which the information required in Form F, which is part of this Rule, will be provided. As a transition measure, the annual report on enterprise risk for 2016, shall be filed on or

before June 30, 2016. Subsequently, the report for 2017 shall be filed on or before March 31, 2017, and so on thereafter.

SECTION 21. - EXTRAORDINARY DIVIDENDS AND OTHER DISTRIBUTIONS

No domestic insurer or health services organization will pay extraordinary dividends or make any extraordinary distribution to shareholders until thirty (30) days have elapsed from the date on which the Commissioner received notice of the statement of such dividends and distributions and the Commissioner has not disapproved such payment, or until such time the Commissioner has approved such payment within the thirty (30) day period.

A. The request for approval of an extraordinary dividend or distribution shall include the following:

- (1) The amount of the proposed dividend.
- (2) The date established for the payment of the dividend.
- (3) A statement as to whether dividends will be paid in cash or in kind. If payment is in kind, the statement should include a description of the assets, their cost, and their fair market value, along with an explanation of how the valuation was performed.
- (4) A copy of the calculations performed to determine that the proposed dividends are extraordinary. The working paper should include the following information:
 - (a) The amounts, dates and form of payment of all dividends or

distributions (including regular dividends but excluding distributions of the insurer's own securities) paid within the period of twelve (12) consecutive months ending on the date fixed for payment of the proposed dividend for which approval is sought and commencing on the day after the same day of the same month in the next preceding year;

- (b) Surplus as regards policyholders (total capital and surplus) as of the 31st day of December next preceding;
 - (c) If the insurer is a life insurer, the net gain from operations for the 12-month period ending the 31st day of December next preceding;
 - (d) If the insurer is not a life insurer and in the case of health services organizations, the net income less realized capital gains for the 12-month period ending the 31st day of December next preceding and the two preceding 12-month periods; and
 - (e) If the insurer is not a life insurer, the dividends paid to stockholders excluding distributions of the insurer's own securities in the preceding two (2) years;
- (5) A balance sheet and statement of income for the period from the last annual statement filed with the Commissioner and the end of the month preceding the month in which the request for dividend approval is submitted; and

(6) A brief statement as to the effect of the proposed dividend upon the policyholders surplus and the reasonableness of the surplus in relation to the insurers' outstanding claims and the adequacy of the surplus relative to the insurers' financial needs.

B. All domestic insurers or health services organizations that are registered in a holding company system must report to the Commissioner, within fifteen (15) days of the declaration thereof, the dividends and other distributions to be paid to the shareholders including the information required in subsection A(4) of this Section.

SECTION 22.- SUFFICIENCY OF THE SURPLUS

For the purposes of this Rule, the reasonability of the insurer's or health services organization's surplus may be determined based on the following factors, but not limited to these::

- (1) The size of the insurer, which will be measured by its assets, capital and surplus, reserves, underwritten premiums, active policies, and other appropriate criteria;
- (2) The diversification of the insurer with regards to lines of insurance;
- (3) The number and amount of risk in each insurance line;
- (4) The geographic extension of the insurer's insured risk;
- (5) The nature and scope of the insurer's reinsurance program;
- (6) The quality, diversification, and liquidity of the insurer's investment

portfolio;

(7) Recent past trends and future projections for the size of the insurer's investment portfolio;

(8) Surplus with regard to policyholders held by comparable insurers;

(9) The sufficiency of the insurer's reserves, and the

(10) The quality and liquidity of the affiliate's investments. The Commissioner may treat each investment as an asset not taken into account in determining the adequacy of surplus with regard to policyholders, when in the judgment of the Commissioner the investment so warrants.

The aforementioned factors are not an exhaustive list of what is to be considered when determining the sufficiency of the surplus. On the contrary, the Commissioner may consider the net effect of all of these factors in addition to other factors that the Commissioner may reasonably consider that could affect the financial situation of the insurer or health services organization. No factor in and of itself shall necessarily be determinant to establish the adequacy and reasonability of the surplus of an insurer or health services organization. In comparing the surplus of an insurer or health services organization with that of another, the Commissioner may take into account the variations that may exist in each of these factors from company to company. Likewise, in determining the quality and liquidity of investments in subsidiaries, the Commissioner may take into account the individual subsidiary and may disregard or disallow its valuation to the degree the investments so warrant.

SECTION 23.- SEVERABILITY

If any word, sentence, paragraph, subsection, section or part of this Rule is held to be null or invalid by a Court of competent jurisdiction, the judgment or order will not affect the remaining provisions of this Rule, and its effect will be limited to such word, sentence, paragraph, subsection, section or part held to be invalid.

SECTION 24.- EFFECT

The provisions of this Rule will enter into effect thirty (30) days after the Rule is filed at the Department of State of Puerto Rico, according to the provisions of Public Law No. 170, enacted on August 12, 1988.

ÁNGELA WEYNE-ROIG
Commissioner of Insurance

Date of approval: May 6, 2016.

Date of Filing
at the Department of State:

Date of Filing
at the Legislative Library:

Government of the Commonwealth of Puerto Rico
OFFICE OF THE COMMISSIONER OF INSURANCE OF PUERTO RICO
Guaynabo, Puerto Rico

APPENDIX:

**FORMS A, B, C, D, E, AND F FOR THE STATEMENTS REQUIRED IN RULE
NUMBER 83 OF THE REGULATIONS OF THE PUERTO RICO INSURANCE CODE**

**STANDARDS AND PROCEDURES FOR THE REGULATION OF INSURERS AND
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FORM A

**STATEMENT ON THE ACQUISITION OF CONTROL OR MERGER WITH A
DOMESTIC INSURER OR HEALTH SERVICES ORGANIZATION**

Name of the domestic insurer or health services organization
By _____
Name of the Acquiring Party (applicant)

Filed at the Office of the Commissioner of Insurance of Puerto Rico

Date: _____, 20____

Name, title, address, and telephone number of the person to be notified and mailed
correspondence related to this statement:

ITEM 1. METHOD OF ACQUISITION

Provide the name and address of the domestic insurer or health services organization
related to this application and a brief description of the propose manner of obtaining
control.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

- (a) State the name and address of the Applicant seeking to acquire control of the domestic insurer or health services organization.
- (b) If the Applicant is not a natural person, state the nature of business operations for the past five years, or if operations have been for a shorter time, the time during which said person and any predecessor thereof has been in existence. Briefly describe the business in which the Applicant and any subsidiary intend to engage.
- (c) Furnish a chart or list that clearly illustrates the relationships between the Applicant and all of the affiliates of the Applicant. Indicate in said chart or list the percentage of voting securities owned or controlled by the Applicant or any other owner or controlling person. If control is held over a person other than by ownership or control of voting securities, indicate the basis of such control. For each person specified in the chart or list, state the type of organization, (e.g., corporation, trust, partnership, etc.) and the State or jurisdiction of domicile. If any of the persons included in the chart or list has any pending case related to a reorganization or liquidation, specify the identity of such person and provide the name of the court, the nature of the case, and the date when commenced.

ITEM 3. IDENTITY AND BACKGROUND OF PERSONS ASSOCIATED WITH THE APPLICANT

Provide the background statement of the applicant as promulgated by the NAIC, including the background of third parties (“NAIC’s Biographical Affidavit and Third Party Verification”), and state the following with regard to (1) the Applicant, if the

Applicant is a natural person, or (2) all of the directors, officers, executives or shareholders who own more than ten percent of voting securities of the Applicant, if the

Applicant is not a natural person:

- (a) Name and business address;
- (b) Principal business activity, occupation or employment, including the position held and the name, principal business, and address of any corporation or other organization in which such employment was held;
- (c) For the past five years, the positions, occupations or employment held; the initial and final dates of employment; the name, address, principal business activity of any corporation or other organization in which the individual held a position or carried on an occupation or employment. State whether any position, employment or occupation required a license from any federal, state or municipal agency and the current status of such license or registration, as well as an explanation of any surrender, revocation, suspension or disciplinary procedure related to any such license or registration.
- (d) State whether or not the person has been convicted in criminal proceedings (with the exception of minor traffic violations) during the past ten (10) years. If the answer is affirmative, furnish the date, nature of the sentence, name and address of the court, the penalty imposed.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

- (a) Describe the nature, source and amount of funds or other consideration to be used to acquire control or in the merger. If all or part of said funds are

borrowed or were obtained in any other manner for the purpose of acquiring, maintaining or exchanging securities, furnish a description of the transaction, the names of the parties involved, the relationship between the lender and the borrower, if any, the amount borrowed, and copies of all agreements, promissory notes and security agreements related to the transaction.

- (b) Explain the criteria used to determine the nature and amount of the consideration.
- (c) If the source of funds is a loan made in the ordinary course of business, and the Applicant wishes to keep the identity of the lender confidential, the Applicant must request permission to do so.

ITEM 5. FUTURE PLANS OF THE INSURER

Describe any plan or proposal which the Applicant may have to declare an extraordinary dividend, liquidate the insurer or health services organization, sell assets of or merge with another person or persons or make any other material change in the operations of the business, corporate structure or the administration of the insurer.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

State the share of voting securities of the insurer or health services organization that the Applicant, its affiliates or any other person mentioned in Item 3 intend to acquire, and the terms of the offer, tender, agreement or acquisition and a statement regarding the method used to determine the fairness of the proposed transaction.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

Furnish the number of each class of voting securities to which the Applicant or its affiliates or the persons listed in Item 3 hold beneficial ownership or have a right to acquire such ownership.

ITEM 8. CONTRACTS, AGREEMENTS OR UNDERSTANDINGS REGARDING VOTING SECURITIES OF THE INSURER

Furnish a full description of any contracts, agreements or understandings with regard to voting securities of the insurer, in which the Applicant, its affiliates or any other person mentioned in Item 3, including, but not limited to, the transfer of securities, joint ventures, loans, option agreements, puts or calls, guarantees of loans, guarantees against losses or guarantees of profits, division of profits or losses, or the granting or withholding of proxies.

The description shall identify the entities with whom said contracts, agreements or understandings have been entered into.

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

Describe all purchases of voting securities of the insurer or health services organization made by the Applicant, its affiliates or any person listed in Item 3 during the previous twelve calendar months before the filing of this statement. Include a description of the purchase dates, the names of the purchasers and the consideration paid or agreed on. State whether the securities purchased were used as security for a loan.

ITEM 10 RECENT PURCHASE RECOMMENDATIONS

Describe all recommendations to purchase voting securities of the insurer or health services organization made by the Applicant, its affiliates or any person listed in Item 3, or by any other person based on interviews with the Applicant or as suggested by

the Applicant, its affiliates or any other person listed in Item 3 during the previous twelve calendar months before the filing of this statement.

ITEM 11. AGREEMENTS WITH ATTORNEYS-IN-FACT

Describe the terms of any agreement, contract or memorandum of understanding entered into with any attorney-in-fact regarding the tender for voting securities of the insurer or health services organization, and the amount of any fee, commission or other compensation to be paid to the attorney-in-fact related to such tender.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

- (a) Include financial statements, exhibits, and financial projections of the insurer or health services organization for the next three years and attach the corresponding documents to this form.
- (b) The financial statements shall include the annual financial statements of the persons identified in Section 2(c) for the past 5 years, or for a shorter period of time that the applicant, its affiliates or predecessors may have been operating, and similar information for the period from the closing of the fiscal year of the person, if the information is available. The financial statements may be prepared individually, unless the Commissioner requires consolidation of the statements, in which case consolidated statements will be prepared in the normal course of operations.

The financial statements of the applicant be certified by a CPA to be a true representation of the financial condition of the Applicant and the operations of the closing year on a GAAP basis or insuring accounting principles or as

required by law. If the Applicant is an insurer or a health services organization currently transacting insurance or health care plan business, the financial statements need not be certified, provided that they are based on the annual report filed by the insurer or health services organization with the Office of the Commissioner of Insurance of the insurer's state of domicile and are prepared according to statutory accounting principles as provided or allowed by the laws or regulations of said state.

- (c) The statement shall include as an exhibit a copy of all public proposals, tenders or calls for bids, offers to exchange, and agreements to acquire or exchange any voting securities of the insurer or of the health services organization and of any material related to such proposals, any proposal of employment, consultancy or advisory capacity or administrative contracts involving the insurer or the health services organization, annual shareholders' reports of the insurer or the health services organization and the Applicant, all of which shall be for the prior two (2) years and any other additional document that may be required in Form A or in Sections 5 and 7 of the Rule.

SECTION 13. ENTERPRISE RISK MANAGEMENT AGREEMENT REQUIREMENT

The acquiring party agrees to submit, to the best of its knowledge and information, the information required in Form F regarding enterprise risk, which is made a part of this Rule, within fifteen days (15) from the last day of the month in which the acquisition or merger occurred.

ITEM 14. SIGNATURE AND CERTIFICATION OF SIGNATURE

Signature and certification are required as indicated below:

Pursuant to the requirements of this Rule and Section 44.030 of the Insurance Code _____, this application is executed in the city of _____, in the state of _____ on _____, 20_____.

(SEAL) _____
Of the Applicant

BY _____
(Name) (Title)

I SO WITNESS:

(Signature of the Officer)

(Title)

CERTIFICATION:

The undersigned certifies he/she completed the statement in this form dated _____, 20____, on behalf of _____ (Name of the applicant) and who is _____ (Title of the Officer) of such corporation or entity, and who is authorized to execute and file this document. The undersigned further states that he/she is familiar with the content of this form and states that to his/her knowledge and belief the information provided is correct.

(Signature)_____

(Name printed or typed)_____

Government of the Commonwealth of Puerto Rico
OFFICE OF THE COMMISSIONER OF INSURANCE OF PUERTO RICO
Guaynabo, Puerto Rico

FORM B

ANNUAL REGISTRATION STATEMENT FOR HOLDING COMPANY SYSTEMS

Filed at the Office of the Commissioner of Insurance of Puerto Rico

By:

Name of the applicant

On behalf of the insurer or health services organization indicated below:

Name	Address
_____	_____
_____	_____
_____	_____

Date: _____, 20____

Name, title, address, and telephone number of the person to whom notices and correspondence related to this statement should be sent:

ITEM 1 - IDENTITY AND CONTROL OF THE REGISTRANT

Furnish the exact name of each domestic insurer and health services organization that is filing the registration or on behalf of whom the registration is being filed, hereinafter "the Registrant," the home office address and principal executive offices of each; the date on which each affiliate became a part of the Holding Company System, how each

affiliate was acquired, and the manner of control of each affiliate.

SECTION 2 - ORGANIZATIONAL CHART

Furnish an organizational chart or list in which the entities that are affiliated with the Holding Company System and the relationships among them are clearly identified. It will not be necessary to include affiliates whose assets comprise less than one half of one percent (1%) of the total assets of the Ultimate Controlling Entity within the Holding Company System. The organizational chart or list shall include the percentage of each class of voting securities of each affiliated entity owned directly or indirectly by another affiliate. If an entity within the Holding Company System is controlled in a manner other than through ownership or control of the voting securities, state in what other manner control is exercised. State the type of organization (e.g., corporation, trust, partnership, etc.) for each person listed in the organizational chart or list and state the State or jurisdiction of domicile of said entity.

IEM 3 - ULTIMATE CONTROLLING PERSON

Furnish the following information regarding the ultimate controlling person in the Holding Company System:

- (a) Name;
- (b) Address of home office;
- (c) Address of main offices;
- (d) Organizational structure of the person, e.g., corporation, partnership, individual, trust, etc.;
- (e) Principal business of the person;

- (f) Name and address of any entity that holds or owns 10% or more of any class of voting securities, the classes of such securities, the number of shares held of record or known to be beneficially owned and the percentage of each class of shares held or owned by the entity;
- (g) If there are any pending legal proceedings related to reorganization or liquidation, state the court, the nature of the proceedings and the date such were commenced.

ITEM 4 - BIOGRAPHICAL INFORMATION

Furnish the following information on the directors and executive officers of the ultimate controlling person: the name and the address of the person, the person's principal occupation, and all of the positions and appointments held during the past 5 years, as well as any conviction for an offense, if any, during the past 10 years, other than minor traffic infractions.

If the person who holds ultimate control is an individual, furnish the name and the address of the person, the person's principal occupation and all of the positions and appointments held during the past 5 years, as well as any conviction for an offense, if any, during the past 10 years, other than minor traffic infractions

ITEM 5 - TRANSACTIONS AND AGREEMENTS

Briefly describe agreements that are currently in effect and transactions that are under negotiation or have been effected during the previous calendar year between the Holding Company System and its affiliates:

- (a) Loans, other investments, and purchases, sales or exchanges of securities of the

affiliates by the Registrant or of the Registrant by the affiliates.

- (b) Purchases, sales, or exchanges of assets.
- (c) Extraordinary transactions.
- (d) Guarantees or obligations made for the benefit of an affiliated entity that may result in the contingent exposure of the Registrant's assets, other than contracts that are entered into during the normal course of business.
- (e) Administrative agreements, service contracts, and cost-sharing agreements.
- (f) Reinsurance agreements
- (g) Dividends and other distributions to shareholders
- (h) Consolidation agreements on the distribution of tax liability.
- (i) Any pledge of the voting securities of the Registrant or affiliated entities arising from a loan made to a member of the Holding Company System.

No information need be disclosed if such information is not material to the registration of an insurer or health services organization. Sales, purchases, exchanges, loans, extensions of credit, investments or guarantees with a value of less than one half of 1% of the admitted assets of the Registrant as of the 31st day of December next preceding shall not be considered material.

The description of these transactions shall be done in a manner that will allow the Commissioner to evaluate them adequately and shall include at least the following: the nature and purpose of the transaction, the nature and amount of any payment or transfer of assets between the parties, the identity of all of the parties to the transaction, and the relationship between the affiliates and the Registrant.

ITEM 6 - LITIGATION OR ADMINISTRATIVE PROCEEDINGS

Furnish a brief description of any litigation or administrative proceedings of the nature described below, that may be pending or have been concluded during the preceding fiscal year, to which the ultimate controlling person or any of its directors or officers executives were parties or the subject of which was the property of said person; state the names of the parties and the court or agency in which the litigation or administrative proceedings were or are pending:

- (a) Criminal prosecution or administrative proceedings brought by a government agency or authority that could be relevant to the trustworthiness of any of the parties involved in the case; and
- (b) Proceedings which may have a material effect on the solvency or capital structure of the ultimate controlling person, including, but not limited to, bankruptcy, trusteeship, or any other kind of corporate reorganization.

ITEM 7 - NEGATIVE STATEMENT REGARDING THE EXISTENCE OF A PLAN OR SERIES OF TRANSACTIONS

The insurer or health services organization shall file an annual statement certifying that the transactions entered into after the date of filing of the registration statement for the previous year are not part of a plan or series of similar transactions having as their purpose avoiding the limits provided in Chapter 44 of the Insurance Code and the review that would occur due to exceeding such limit.

ITEM 8 - FINANCIAL STATEMENTS AND EXHIBITS

- (a) Include the financial statements and exhibits required for this statement as an appendix, and list in this item the financial statements and exhibits that are being

included.

- (b) If the person that has ultimate control is a corporation, organization, limited liability corporation or other legal entity, the financial statements will include the financial statements of those who held ultimate control in the holding company system at the close of the previous calendar year.

If at the time of the initial registration the annual financial statements for the most recent calendar year are not available, the annual statements for the year before may be filed and similar financial information for all later periods will be provided if such information is available. Said financial statements may be prepared on an individual basis, or, unless the Commissioner requires otherwise, by filing consolidated financial statements if these statements are prepared in the normal course of business.

Unless the Commissioner provides otherwise, financial statements shall be accompanied by a certification by an independent CPA to the effect that the financial statements are a reliable representation of the financial condition of the ultimate controlling person and the results of the operations of such Entity for the year ending on that date, according to GAAP or statutory accounting requirements. If the ultimate controlling person is an insurer or health services organization that is authorized in Puerto Rico, the financial statements need not be certified, provided that they are based on the annual report filed by the insurer with the Office of the Commissioner of Insurance of the insurer or health services organization's state of domicile and are prepared according to

accounting principles applicable to the insurance industry, or otherwise, as provided in or allowed by the laws or regulations of said state.

If the person that has ultimate control is an individual, the personal financial statements will be filed, instead of audited statements, reviewed by an independent CPA. The review shall be made according to the standards for the review of personal financial statements published in the Personal Financial Statement Guide of the American Institute of Certified Public Accountants. The person's financial statements shall include a review report prepared by the independent CPA indicating that no omissions or inaccuracies in material items or that are significantly important in the financial statement prepared according to GAAP.

- (c) The exhibits shall include copies of the latest annual reports to the shareholders of all ultimate controlling persons and the proxies used by the ultimate controlling person, in addition to any additional document required in Form B or Sections 5 and 7 of this Rule.

SECTION 9 - REQUIREMENTS OF FORM C

Form C , Registration Statement Summary shall be filed along with this Form B.

SECTION 10 - SIGNATURE AND CERTIFICATION

Signature and certification are required as indicated below:

Pursuant to the requirements of Section 44.050 of the Insurance Code this annual registration statement is executed in the city _____, in the State of _____ on this _____ day of _____, 20_____.

(SEAL) _____
Of the Applicant

BY _____
(Name) (Title)

I SO WITNESS:

(Signature of the Officer)

(Title)

CERTIFICATION

The undersigned certifies he/she completed the statement in this form dated _____, 20__, on behalf of _____ (Name of the applicant) and who is _____ (Title of the Officer) of such corporation or entity, and who is authorized to execute and file this document. The undersigned further states that he/she is familiar with the content of this form and states that to his/her knowledge and belief the information provided is correct.

(Signature)_____

(Name printed or typed)

Government of the Commonwealth of Puerto Rico
OFFICE OF THE COMMISSIONER OF INSURANCE OF PUERTO RICO
Guaynabo, Puerto Rico

FORM C

SUMMARY OF THE REGISTRATION STATEMENT

Filed at the Office of the Commissioner of Insurance of Puerto Rico

Filed by:

Name of the applicant

On behalf of the following insurers or health services organizations:

Name	Address
_____	_____
_____	_____
_____	_____

Date: _____, 20 ____

Name, title, address, and telephone number of the person to whom notices and correspondence related to this statement should be sent:

Furnish a brief description of all Items of the Annual Registration Statement that constitute changes to the registration statement of the previous year. The description shall be made in a manner that will allow the Commissioner to evaluate the statement

adequately and shall include specific references to the Item numbers of the registration statement and the terms contained therein.

Changes in Item 2 of Form B regarding the share of each class of voting securities shall only be included if there is a 10% or more change of the holdings of each affiliated entity, loss or exchange of control, acquisition or loss of partnership interest.

Changes in Item 4 of Form B must only be included in cases in which the individual is appointed for the first time as a director or executive officer of the ultimate controlling person; the duties and responsibilities of a director or executive officer with regard to the ultimate controlling person are terminated; or an individual is named president of the ultimate controlling person.

If a transaction that was disclosed in Form B of the previous year has changed, the nature of such change shall be included. If a transaction that was disclosed in that form regarding the Registration Statement of the previous year has been effected, report the manner in which the transaction was carried out and any flow of funds between the affiliates arising from said transaction.

The insurer shall file a statement certifying that transactions entered into subsequent to the filing of the Registration Statement for the previous year are not part of a plan or series of other transactions directed at avoiding statutory threshold amounts and the review that would occur due to exceeding such amounts.

SIGNATURE AND CERTIFICATION

Signature and certification are required as set forth below:

As required in Section 44.050 of the Insurance Code, this annual registration

statement is executed in the city of _____, in the state of _____ on the ____ day of _____, 20__.

(SEAL) _____
Of the Applicant

BY _____
(Name) (Title)

I SO WITNESS:

(Signature of the Officer)

(Title)

CERTIFICATION:

The undersigned certifies he/she completed the statement in this form dated _____, 20__, on behalf of _____ (Name of the applicant) and who is _____ (Title of the Officer) of such corporation or entity, and who is authorized to execute and file this document. The undersigned further states that he/she is familiar with the content of this form and states that to his/her knowledge and belief the information provided is correct.

(Signature)_____

(Name printed or typed)

Government of the Commonwealth of Puerto Rico
OFFICE OF THE COMMISSIONER OF INSURANCE OF PUERTO RICO
Guaynabo, Puerto Rico

FORM D

PRIOR NOTICE OF TRANSACTIONS

Filed by

Name of the Applicant

On behalf of the following insurers or health services organizations:

Name

Address

_____	_____
_____	_____
_____	_____

Date: _____, 20____

Name, title, address, and telephone number of the person to whom notices and correspondence related to this statement should be sent:

ITEM 1 - IDENTITY OF THE PARTIES TO THE TRANSACTION

Furnish the following information for each of the parties to the transaction:

- (a) Name;
- (b) Address of home office;

- (c) Address of main offices;
- (d) Organizational structure of the person, e.g., corporation, partnership, individual, trust, etc.;
- (e) Description of the nature of the parties' business operations;
- (f) The relationship, if any, among the parties involved in the transaction with the affiliate submitting the notice, including any ownership or debtor/creditor relationship with said parties;
- (g) When the transaction is with a nonaffiliate, the names of the affiliates that will receive a substantial amount or the total amount of the proceeds of the transaction.

ITEM 2 - DESCRIPTION OF THE TRANSACTION

Furnish the following information for each transaction for which notice is being submitted:

- (a) A statement that the notice is being submitted under Section 44.060 of the Insurance Code;
- (b) A statement on the nature of the transaction;
- (c) A statement regarding the manner in which the transaction meets the fair and reasonable criterion as set forth in Section 44.060(a)(1)(A) of the Insurance Code; and
- (d) The effective date proposed for the transaction.

ITEM 3 - SALES, PURCHASES, EXCHANGES, LOANS, EXTENSIONS OF CREDIT, GUARANTEES OR INVESTMENTS

Furnish a brief description of the amount and source of funds, securities, property or other consideration for the sale, purchase, exchange, loan, extension of credit, guarantee or investment if there is any provision regarding a purchase by the insurer or health services organization filing notice, or by any parties to the transaction, or by any affiliate of the insurer or health services organization filing notice, a description of any securities being received, if any, and a description of any other agreements relating to the transaction such as contracts or agreements for services, consulting agreements and the like. If the transaction includes consideration other than cash, furnish a description of said consideration, its cost and fair market value, together with an explanation of the basis for evaluation.

If the transaction involves a loan, extension of credit or guarantee, furnish a description of the maximum amount which the insurer or health services organization will be obligated to pay under said loan, extension of credit or guarantee, the date on which the credit or guarantee will terminate, and any provisions for the accrual or deferral of interest.

If the transaction involves an investment, guarantee or other arrangement, state the time period during which the investment, guarantee or other arrangement will remain in effect, together with any provisions for extensions or renewals of such investments, guarantees or arrangements. Furnish a brief statement as to the effect of the transaction upon the insurer's or health services organization's surplus.

No notice need be furnished if the maximum amount outstanding or for which the insurer can be legally obligated under the loan, extension of credit or guarantee is less than (a) in the case of non-life insurers and health services organizations, the lesser of 3% of the insurer's admitted assets or 25% of surplus, or (b) in the case of life insurers, 3% of the insurer's admitted assets, in both cases, as of the 31st day of December next preceding.

ITEM 4 - LOANS OR EXTENSIONS OF CREDIT TO A NON-AFFILIATE

If the transaction involves a loan or extension of credit to any person who is not an affiliate, furnish a brief description of the agreement or understanding whereby the proceeds of the proposed transaction, in whole or in substantial part, are to be used to make loans or extensions of credit to, to purchase the assets of, or to make investments in, any affiliate of the insurer or health services organization making such loans or extensions of credit, and specify in what manner the proceeds are to be used to loan to, extend credit to, purchase assets of or make investments in any affiliate. Describe the amount and source of funds, securities, property or other consideration for the loan or extension of credit and, if the transaction is one involving consideration other than cash, a description of its cost and its fair market value together with an explanation of the basis for evaluation. Furnish a brief statement as to the effect of the transaction upon the insurer's or health services organization's surplus.

No notice need be given if the loan or extension of credit is one which equals less than, in the case of non-life insurers and health services organizations, the lesser of 3% of the insurer's admitted assets or 25% of surplus; or, with respect to life insurers, 3% of the

insurer's admitted assets, each as of the 31st day of December next preceding.

SECTION 5 - REINSURANCE

If the transaction is a reinsurance agreement or modification thereto, in which the reinsurance premiums or the change in the insurer's liabilities is equal to or greater than five percent (5%) of the policyholders' surplus, furnish a description of the known or estimated amount of liability to be ceded and/or assumed in each calendar year, the period of time during which the agreement will be in effect, and a statement whether an agreement or understanding exists between the insurer or health services organization and the non-affiliate to the effect that any portion of the assets constituting the consideration for the agreement will be transferred to one or more of the insurer's or health services organization's affiliates. Furnish a brief description of the consideration involved in the transaction, and a brief statement as to the effect of the transaction upon the insurer's or health services organization's surplus.

No notice need be given for reinsurance agreements or modifications thereto if the reinsurance premium or the change in the insurer's liabilities projected for the next three (3) years with regard to the reinsurance agreement or the modification thereto is less than 5% of the surplus, as of the 31st day of December next preceding

ITEM 6 - MANAGEMENT AGREEMENTS, SERVICE AGREEMENTS AND COST-SHARING ARRANGEMENTS

(1) For management and service agreements, furnish:

- (a) A brief description of the managerial responsibilities, or services to be performed;

- (b) A brief description of the agreement, including a statement of its duration, together with brief descriptions of the basis for compensation and the terms under which payment or compensation is to be made.
- (2) For cost-sharing arrangements, furnish a brief description of:
- (a) the purpose of the agreement;
 - (b) the effective term of the agreement;
 - (c) each party's expenses or costs covered by the agreement;
 - (d) the accounting basis to be used in calculating each party's cost under the agreement;
 - (e) a statement regarding the effect of the transaction on the surplus para; and
 - (f) a statement regarding the method for distributing costs specifying whether it is cost-based or market value-based. If it is market value-based, set forth the grounds for using market value instead of cost, including the justification of what is fair and reasonable.
 - (g) A statement regarding compliance of the expense distribution with the NAIC Accounting Practice and Procedure Manual.

ITEM 7- SIGNATURE AND CERTIFICATION

Signature and certification are required as indicated below:

Pursuant to the requirements of Section 44.060 of the Insurance Code, this application is executed in the city of _____, in the state of _____ on _____, 20____.

(SEAL) _____
Of the Applicant

BY _____
(Name) (Title)

I SO WITNESS:

(Signature of the Officer)

(Title)

CERTIFICATION:

The undersigned certifies he/she completed the statement in this form dated _____, 20____, on behalf of _____ (Name of the applicant) and who is _____ (Title of the Officer) of such corporation or entity, and who is authorized to execute and file this document. The undersigned further states that he/she is familiar with the content of this form and states that to his/her knowledge and belief the information provided is correct.

(Signature) _____

(Printed or typed name) _____

Government of the Commonwealth of Puerto Rico
OFFICE OF THE COMMISSIONER OF INSURANCE OF PUERTO RICO
Guaynabo, Puerto Rico

FORM E

**PRE-ACQUISITION NOTIFICATION FORM REGARDING THE POTENTIAL
COMPETITIVE IMPACT OF A MERGER OR CHANGE OF CONTROL OF AN
INSURER OR HEALTH SERVICES ORGANIZATION AUTHORIZED TO
TRANSACT INSURANCE BUSINESS IN PUERTO RICO**

Filed by:

Applicant's Name

Name of Other Party Involved in the Merger or Acquisition

Date: _____

Name, title, address, and telephone number of the person making this statement:

ITEM 1- NAME AND ADDRESS

State the name and the address of the persons who are hereby notifying their participation in the acquisition or change of corporate control.

ITEM 2 - NAME AND ADDRESS OF THE AFFILIATED ENTITIES

State the name and the address of the entities that are affiliated with the persons listed

in Item 1. Describe the nature of said affiliation.

ITEM 3 NATURE AND PURPOSE OF THE PROPOSED MERGER OR ACQUISITION

State the nature and purpose of the proposed merger or acquisition.

ITEM 4 - NATURE OF THE BUSINESS

State the nature of the business of each entity identified in the answer provided in Items 1 and 2.

ITEM 5 - MARKET AND MARKET SHARE

Specifically state the market and the market share data in Puerto Rico of each entity listed in Items 1 and 2. Furnish historical market and market share data of each entity listed in Items 1 and 2 for the past five (5) years and identify the source of said data. In addition, furnish a statement as to whether the propose acquisition or merger infringes the standards regard competition provided in Section 44.040 of the Insurance Code, and if such standards are infringed, prove a justification as to why the transaction will not considerably reduce competition or create a monopoly.

For the purposes of this question, market means direct premium volume written in Puerto Rico for each line of business, as stated in the annual report required to be filed by insurers or health services organizations that are authorized to do business in Puerto Rico.

ITEM 6- SIGNATURE AND CERTIFICATION

Signature and certification are required as set forth below continuation:

According to the requirements of prior notice of Chapter 44 of the Insurance

Code, this notice is executed in the city of _____, in the State of _____ on the ___ day of _____, 20__.

(SEAL) _____
Of the Applicant

BY _____
(Name) (Title)

I SO WITNESS:

(Signature of the Officer)

(Title)

CERTIFICATION:

The undersigned certifies he/she completed the statement in this form dated _____, 20__, on behalf of _____ (Name of the applicant) and who is _____ (Title of the Officer) of such corporation or entity, and who is authorized to execute and file this document. The undersigned further states that he/she is familiar with the content of this form and states that to his/her knowledge and belief the information provided is correct.

(Signature) _____

(Printed or typed name) _____

Government of the Commonwealth of Puerto Rico
OFFICE OF THE COMMISSIONER OF INSURANCE OF PUERTO RICO
Guaynabo, Puerto Rico

FORM F

REPORT ON ENTERPRISE RISK

Filed at the Office of the Commissioner of Insurance of Puerto Rico

By

Name of the Declarant

On behalf of the following domestic insurers or health services organizations:

Name	Address
_____	_____
_____	_____
_____	_____

Date: _____, 20 _____

Name, title, street and mailing address, telephone number and email of the person to whom notices and correspondence related to this report should be sent:

ITEM 1. ENTERPRISE RISK

The person that hold ultimate control of the domestic insurer or health services organization (hereinafter, the Declarant), to the best of its knowledge and information, presents in this form information on enterprise risk which if not remedied in a timely manner could have an adverse effect on the financial condition or liquidity of the domestic insurer or health services organization or of the members that are part of the control structure of the insurance companies, the insurance holding company system, as set forth in sections 44.010 (d) and 44.050 of the Insurance Code, provided that this information has not been provided in Form B, the Annual Registration Statement of an Insurance Holding Company System, filed on behalf of the domestic insurer or health services organization. This report includes information on the following:

- (a) Significant development of business strategies, findings of internal audits, compliance, corporate governance, prevention and operational and legal risk management program related to the insurance holding company system;
- (b) Acquisition or termination of control of insurers or health services organizations and the reorganization of financial entities or insurers and health services organizations within the insurance holding company system;
- (c) Any change of shareholders in the insurance holding company system that owns more than ten percent (10%) of the outstanding voting stock of the corporation;
- (d) On-going investigations, regulatory action or legal action that could have a significant impact on the insurance holding company system;

- (e) Business plan of the insurance holding company system and a summary of the business strategies for the next twelve (12) months;
- (f) Identify significant issues or concerns that have been noted by a supervisory college, if any, during the past year;
- (g) Identify capital resources and significant patterns of distribution within the insurance holding company system;
- (h) Indicate any negative movement or discussion with a rating agency that has caused or could cause potential degradation or negative movement in the credit rating and financial soundness of the insurer or individual health services organization or of the insurance holding company system (include credit score and the projected credit rating by the rating agency);
- (i) Information on the corporate guarantees provided through the insurance holding company system and the source of liquidity that will guarantee compliance in the event of a claim;
- (j) Identify any significant business activity or event in the insurance holding company system that in the judgment of senior management could have an adverse effect on the insurance holding company system.

The declarant may enclose the corresponding report filed with Securities and Exchange Commission (SEC), provided that reference is made to the specific areas referred to in this item. Likewise, a declarant that is not domiciled in a jurisdiction of the United States may enclose such.

ITEM 2. OBLIGATION TO REPORT

If the declarant fails to disclose any of the information required in Item (1), a statement will be submitted to the effect that to the best knowledge and belief of the declarant, no enterprise risk has been identified that would require disclosure under above Item 1.

ITEM 3- SIGNATURE AND CERTIFICATION

Signature and certification is required as indicated below:

As provided in Section 44.050 of the Insurance Code, this report is executed in the city of _____, in the state of _____ on _____, 20____.

(SEAL) _____
Of the Declarant

BY _____
(Name) (Title)

I SO WITNESS:

(Signature of the Officer)

(Title)

CERTIFICATION:

The undersigned certifies he/she completed the statement in this form dated _____, 20____, on behalf of _____ (Name of the applicant) and who is _____ (Title of the Officer) of such corporation or entity, and who is authorized to execute and file this document. The undersigned further states

that he/she is familiar with the content of this form and states that to his/her knowledge and belief the information provided is correct.

(Signature)_____

(Typed or printed name)_____