



Oficina del Comisionado de Seguros

ANNUAL REPORT



2023





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Message from the Commissioner

As every year, it is a pleasure to present this Annual Report of the Office of the Commissioner of Insurance of Puerto Rico (OCS), which provides a general overview of the performance and financial condition of the insurance industry in 2023.

The insurance industry is an essential component of the Puerto Rican economy, considering the amount of premium collected, the scale of investments, the jobs that are generated, and, above all, the social and economic needs it serves by covering individual and commercial risks. In 2023, the industry generated 12,692 jobs and the written premium was \$20,571 million, which represented 17.4% of the Puerto Rico's Gross Domestic Product.

In spite of the challenges caused by climate change, the after-effects of the COVID-19 pandemic, and a volatile environment in terms of interest rates and inflation, the insurance industry in Puerto Rico was able to sustain stable financial health in 2023.

Direct written premium increased from \$19 billion in 2022 to \$20.5 billion in 2023. This amount is distributed among the health and disability sector at \$14.8 billion, the property and casualty sector at \$3.2 billion and the life and annuities sector at \$2.4 billion. The life and annuity insurance sector showed the largest increase in written premium as compared to 2022, at 22%, which is significantly higher than the previous year's increase of 8%.

As part of our commitment to protect the rights of insurance consumers and ensure the regulation of the industry, oversight of insurers continues to be a priority. That is why we have expanded our efforts by integrating new technologies and adding more expert audit resources and personnel to provide outstanding services and safeguard our consumers' rights.

The challenges posed by climate change are becoming increasingly significant. The insurance industry undoubtedly plays a crucial role in mitigating and managing risk by promoting greater resilience and closing financial loss gaps due to natural disasters.

Given the financial implications of climate-related risk, we have adopted a regulatory framework to promote better risk management controls and to assess the potential exposure and financial capacity of insurance companies to foresee issues that could result in insolvency upon the occurrence of catastrophic events due to natural disasters.

We have also reinforced the efforts directed at mitigating and evaluating climate-related risk in business management, including underwriting, rate reviews, sufficiency of reserves, investment level, and the development of new products such as parametric insurance.

Today, parametric insurance is an option to meet the needs of insureds to obtain rapid compensation when a catastrophic event occurs. This type of insurance allows insureds to count on rapid financial support to be able to return to normality as soon as possible after the catastrophic event, within the parameters that are provided in a contract and without the complications and costs that tend to be related to the claim and adjustment processes of traditional insurance.

We live in the era of digital technology and are exposed to the attendant risk of cyber-attacks. Therefore, insurance for cyber risk is increasingly important for providing financial protection and assisting the business sector to prevent and respond to this kind of incident to ensure the continuity of operations. The digital transformation of economic activity is creating significant opportunities for innovation, convenience, and efficiency for the insurance industry.

Two years after accepting the position of Commissioner of Insurance in December of 2021, I am honored to recognize the important contribution and achievements of the OCI staff in the defense of insurance consumers. One of our key achievements was fostering the approval of Act 73 in 2023 to launch the Digital Credentialing Platform (SICRO) to facilitate and streamline the credentialing and recredentialing processes for physicians and other health care providers that are necessary to improve their conditions for remaining on the island. We were also able to complete audits that resulted in payments to health services providers totaling more than \$242.6 million to ensure compliance with payment for health care services provided under health insurance coverage.

I am profoundly grateful to all the OCS staff for their commitment, dedication, and high level of professionalism in providing their services to our licensees and the general public on a daily basis.

Thank you for your continuing support in furthering the protection of the rights of insurance consumers and enabling a regulatory environment that stimulates a reliable, competitive, and financially sound insurance market for Puerto Rico.

Cordially,



Alexander S. Adams-Vega
Commissioner of Insurance of Puerto Rico



The Insurance Industry

During this past year, we have seen an Insurance Industry that has been able to sustain stability and resilience in spite of the growing challenges of climate change. To meet the social and economic challenges that this implies, we have reinforced our regulatory framework to foster better risk management controls. Likewise, we continue to work to achieve more efficiency in our processes. For example, we launched the Digital Credentialing Platform (SICRO), which facilitates and streamlines the credentialing and recredentialing processes for physicians and other health care providers, which helps to promote a more attractive operational environment for these professionals that are much needed in our society.

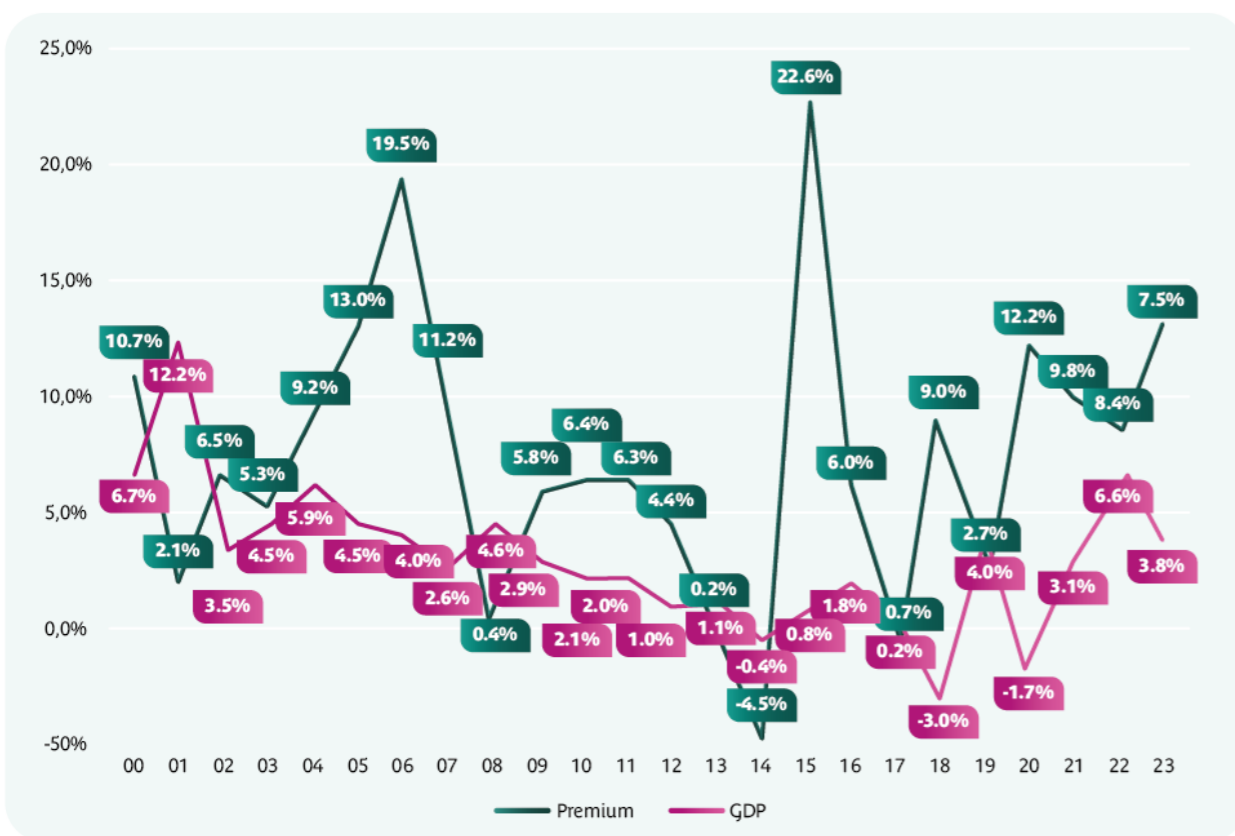
In 2023, the Insurance Industry was comprised by 381 insurers, reinsurers, and health services organizations. The following table shows the number of insurers, reinsurers, and health services organizations of the different insurance sectors, according to their jurisdiction of domicile:

Type of Entity	Domestic	Foreign	Lines excedentes	Total
Life and Disability Insurers	11	95	1	107
Property and Casualty Insurers	20	136	61	217
Health Services Organizations	13	-	-	13
Reinsurers	2	42	-	44
Total	46	273	62	381

Written Premium and Distribution

The Insurance Industry in Puerto Rico grew in 2023, as Total Written Premium was greater than for the three previous years. The graph below compares the growth rates of Total Written Premium and the growth rates of Gross Domestic Product. The Total Written Premium in 2023 was \$20,571 million, that is to say, 17.4% of the Gross Domestic Product, which reached a total of \$117,902 million.¹ Written Premium grew in 2023 at a rate of 7.5%, while Gross Domestic Product grew at a rate of 3.8% or \$4,335.1 million.²

Growth Rates of Total Written Premium and Gross Domestic Product



¹ Preliminary Figures. Planning Board, Economic and Social Planning Program, Economic Analysis Subprogram.

² Preliminary Figures. Planning Board, Economic and Social Planning Program, Economic Analysis Subprogram

The following table shows historical data on the ratio of Written Premium to Gross Domestic Product. The data shows the highest ratio within the last 10 years and a sustained growth between 2014 and 2023. In the past year, premium grew by \$1,437 million.

Ratio of Gross Domestic Product to Written Premium

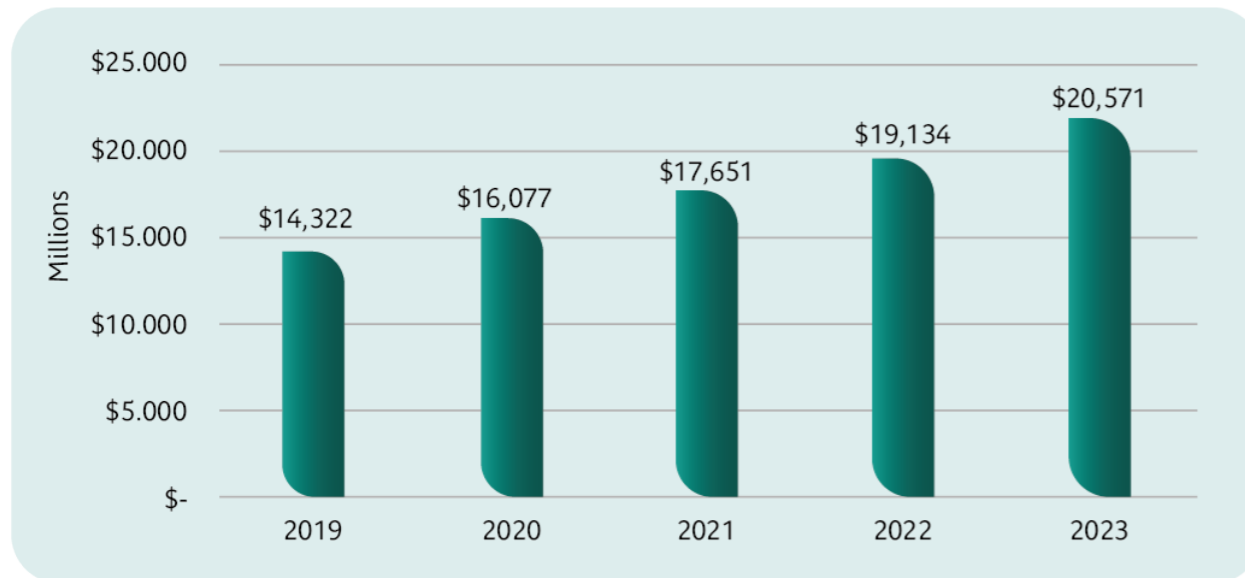


Total written premium related to risk located in Puerto Rico reached \$20,571,724,469, as reported by insurers and health services organizations. It should be noted that 90% of the premium was written by domestic insurers and health services organizations, organized under the laws of Puerto Rico. That means that 12% of the entities (domestic insurers and health services organizations) wrote 90% of premium in 2023.

Type of Entity	Domestic	Foreign	Surplus Lines	Total
Life and Annuities	\$1,065,461,558	\$1,368,333,483	-	\$2,433,795,041
Disability and Health	14,722,319,879	168,357,884	792,530	14,891,470,293
Property and Casualty	2,751,668,294	459,568,115	35,222,726	3,246,459,135
Total	\$18,539,449,731	\$1,996,259,482	\$36,015,256	\$20,571,724,469

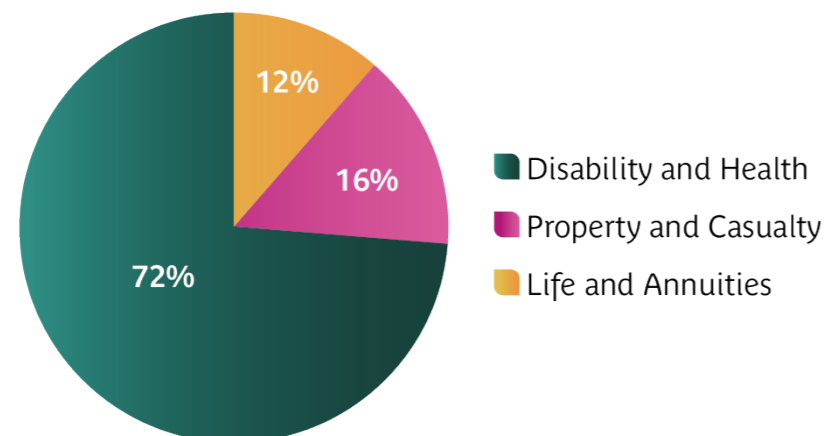
The following table shows the growth pattern for written premium, which, as has been mentioned, was 7.5%. Growth in 2023 with regard to 2022 was 22% for Life and Annuities premium, while for Disability and Health growth was at 4%, and 13% for Property and Casualty.

Total Written Premium for Risk Located in Puerto Rico (millions)



The insurance business is divided into three sectors, of which Health and Disability is the largest (with 72% of written premium) because a large part of the funds of this sector are federal and state government funds. This is followed by Property and Casualty sector with 16% and last of all by the Life and Annuities sector with 12% of written premium.

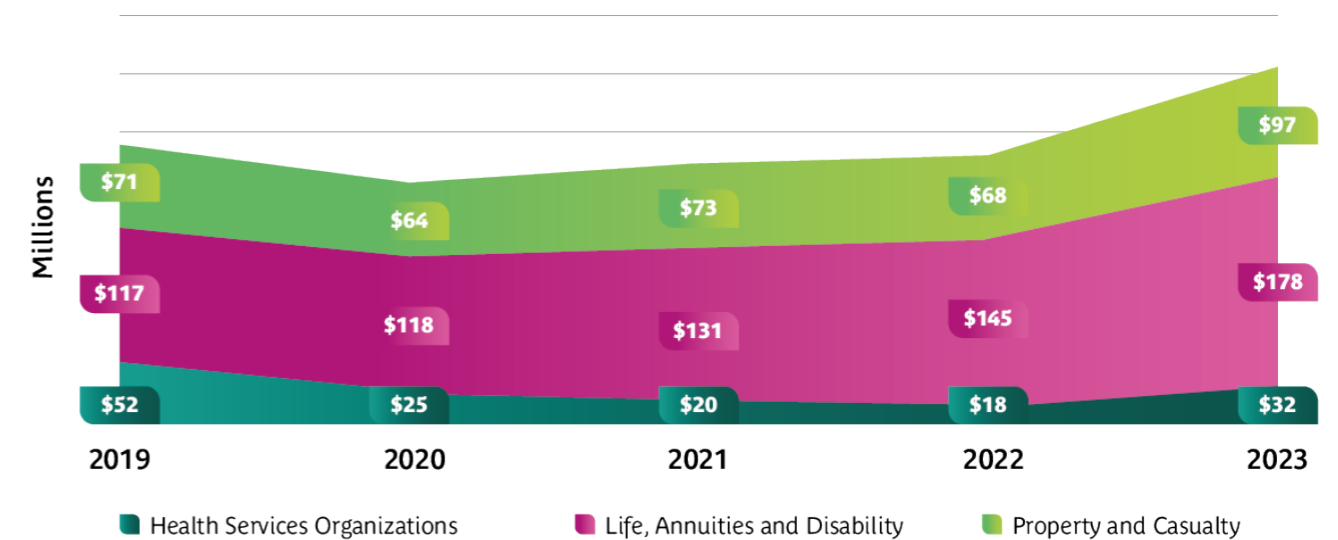
Share by Industry Sector



The following table shows data for an aspect of significant interest, which is investment income of the domestic insurers and health services organizations and its impact on their financial condition. As shown below, in comparison with the previous year, income from investments of the Health Services Organizations increased by 80%, a recovery that significantly surpasses the losses of the two previous years. The Property and Casualty sector experienced a growth of 42%, which also exceeds the value of the four previous years. Finally, the Life and Disability sector grew by 23% and has sustained the growth trend observed in the past four years.



Income from Investments Domestic Insurers and Health Services Organizations (millions)



The Intermediary Sector



The Intermediary Sector within the insurance industry is a vehicle for providing insurance and certain related services through licensed entities, that is to say, it is a regulated sector. The Intermediary Sector includes General Agents, Managers, Producers, Authorized Representatives, and Limited Life Licensees, among others. These intermediaries or providers of related services may operate as individuals or under corporate entities and they may be residents or non-residents. The following table shows the current distribution of Individual Licensees, by type of License.

In 2023 there was a decrease of 1,747 Licensed Individuals as compared to 2022. The most significant change was in the Provisional Authorized Representative Licenses, with 2,254 fewer in 2023. On the other hand, Authorized Person licenses increased by 214, and Authorized Representative licenses increased by 127 as compared to 2022. The distribution between resident and non-resident intermediaries is 80% and 20%, respectively. Non-resident individuals increased four (4) percentage points, from 16% in 2022 to 20% for intermediaries in 2023.

The following is the current distribution of Licensed Entities.

License Type	Resident	Non Resident	2023 Total	2022 Total
Attorney-in-fact	88	-	88	83
Authorized Person	1,650	349	1,999	1,785
Authorized Representative	4,857	293	5,150	5,023
Emergency Adjuster	-	-	-	-
Independent Emergency Adjuster	-	-	-	-
Public Emergency Adjuster	-	-	-	-
General Agent	33	-	33	35
Independent Adjuster	537	497	1,034	969
Consultant	1	1	2	1
Producer	143	812	955	900
Limited Life	387	-	387	302
Manager	8	-	8	10
Provisional Authorized Representative	152	-	152	2,406
Provisional Producer	-	-	-	-
Public Adjuster	13	24	37	39
Reinsurance Intermediary Producer	-	2	2	2
Solicitor	97	-	97	83
Surplus Lines Broker	5	7	12	7
Viatical Settlement Investment Agent	-	-	-	-
Viatical Settlement Investment Producer	-	-	-	-
Total	7,971	1,985	9,956	11,703

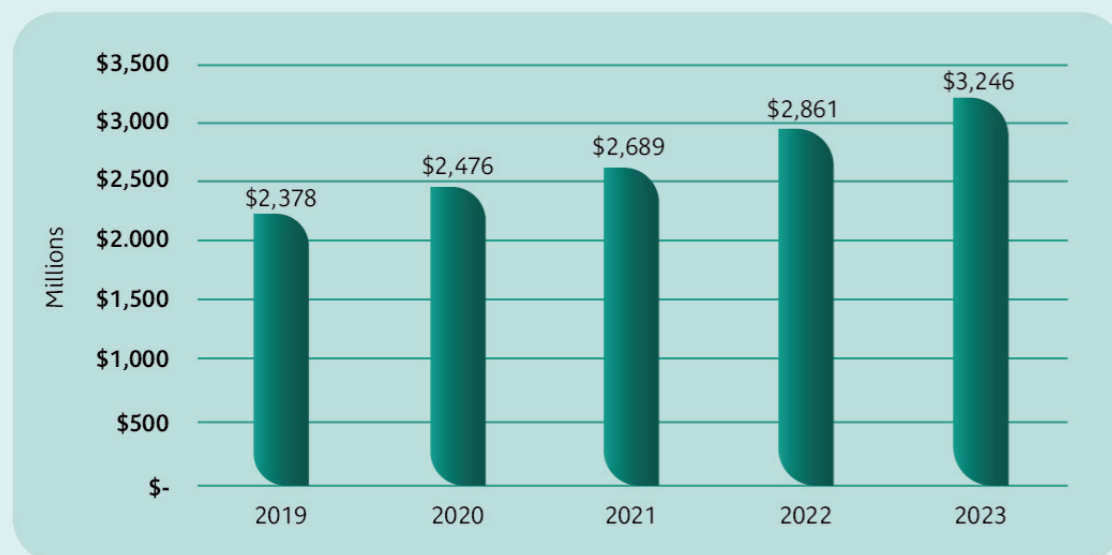
License Type	Resident	Non Resident	2023 Total	2022 Total
Authorized Representative	420	659	1,079	442
Emergency Adjuster	-	-	-	-
Independent Emergency Adjuster	-	-	-	-
Emergency Public Adjuster	-	-	-	-
General Agent	152	-	152	129
Independent Adjuster	16	8	24	13
Consultant	-	-	-	1
Producer	113	118	231	184
Limited Life	-	-	-	-
Public Adjuster	5	12	17	25
Reinsurance Intermediary Manager	1	2	3	3
Reinsurance Intermediary Producer	8	13	21	22
Surplus Lines Broker	57	18	75	49
Viatical Settlement Broker-Agent	-	-	-	-
Viatical Settlement Producer	1	-	1	1
Total	773	830	1,603	869

Licensed entities saw an increase of 734 intermediaries. The most significant changes were for Authorized Representatives with 637 more licenses and Producers with 47 more than the previous year. The distribution in 2023 is 48% Resident (compared to 73% in 2022) and 52% Non-resident (compared to 27% the previous year).

The Insurance Industry by Sector

Property and Casualty Insurance

**Written Premium
Property and Casualty Insurance**

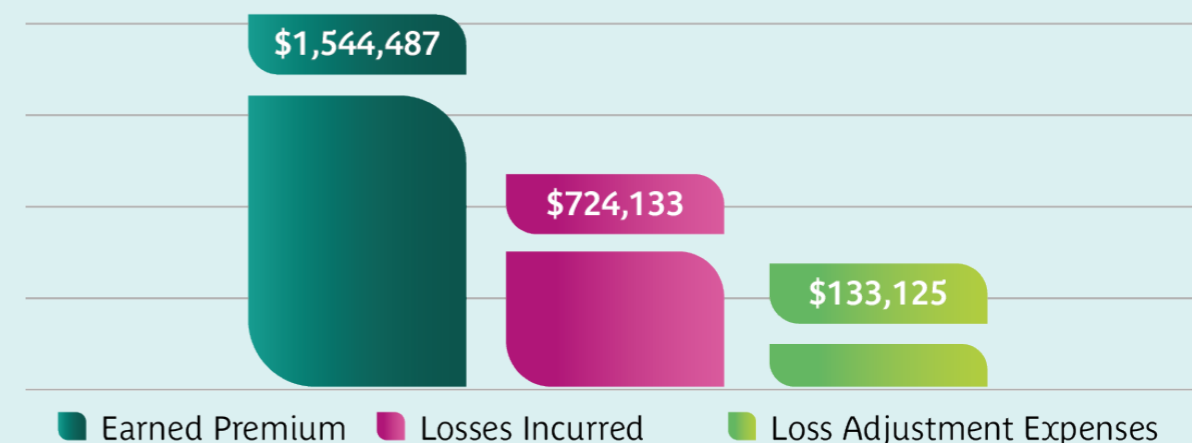


The above table shows the evolution of written premium in the Property and Casualty sector from 2019 to 2023. There is sustained growth from year to year. The largest change was in 2023, at 13.5% compared to 2022 and a 37% growth in the past five years.

The following table shows total earned premium, losses incurred, and loss adjustment expenses in 2023 for domestic Property and Casualty insurers.

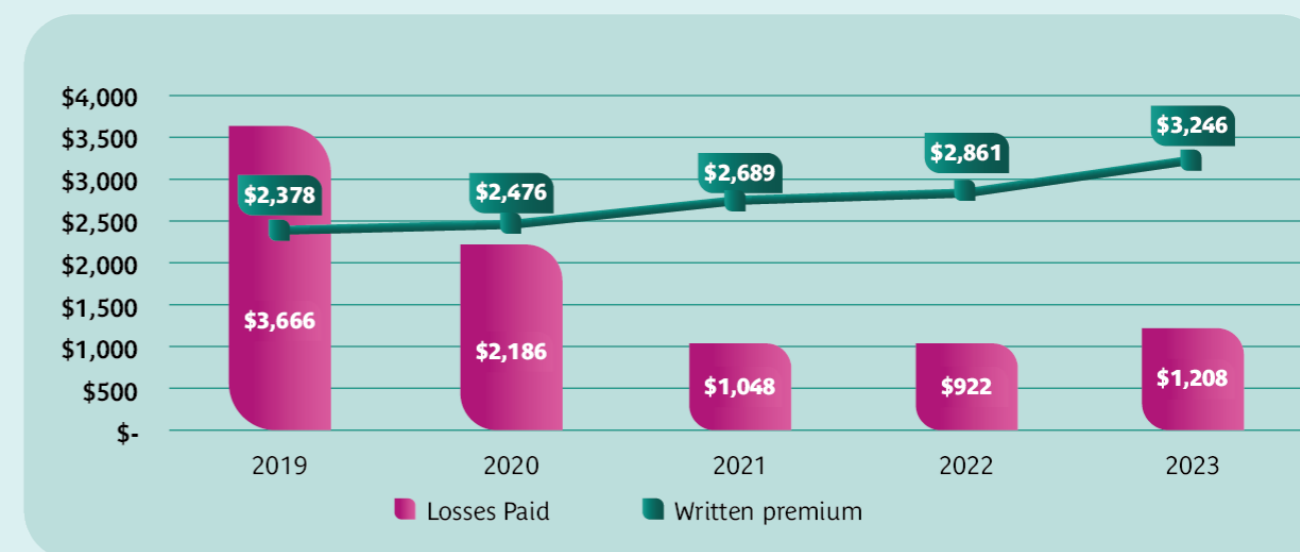


**Earned Premium, Losses Incurred, and Loss Adjustment Expenses
Domestic Property and Casualty Insurers, 2023 (thousands)**



Losses incurred and loss adjustment expenses for this sector in 2023 amounted to 55.5% of Total Earned Premium and increased by 4.9% of the value in 2022. The historical series shown for written premium and losses paid in the following table shows more clearly the cash flow between insurers and insureds.

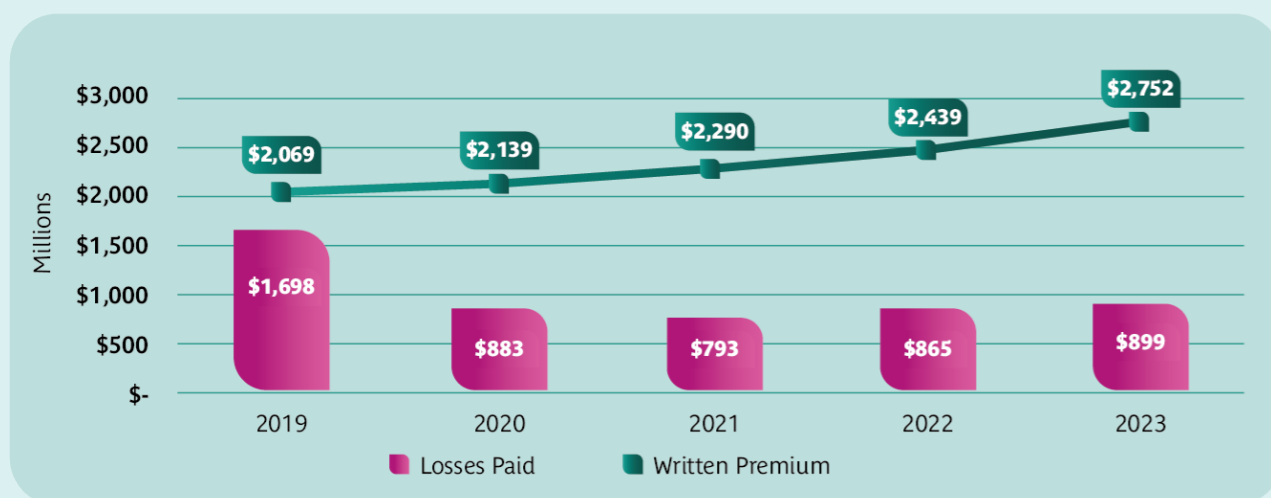
**Written Premium and Losses Paid
Property and Casualty Insurers (millions)**



Losses paid in 2023 increased as compared to the previous year. In addition, the ratio of losses paid to written premium rose from 32% in 2022 to 37% in 2023, due to an increase in premium in the past five years, which for 2023 was 13% as compared to the previous year.

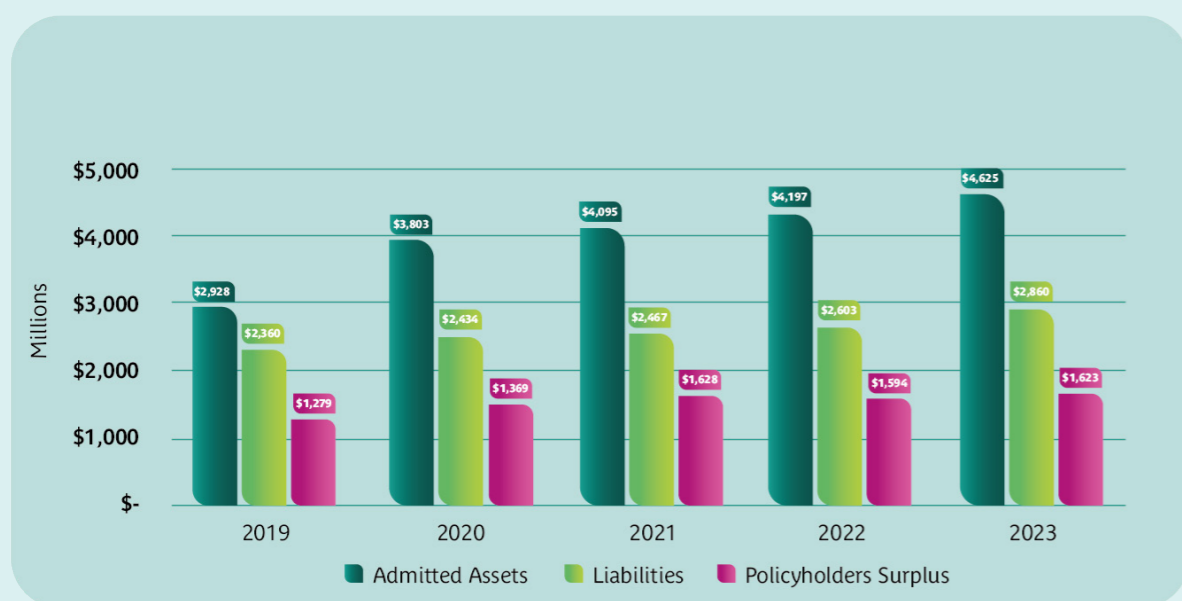
The following is the same analysis for written premium and losses paid, but only for business transacted by domestic Property and Casualty Insurers.

Written Premium and Losses Paid Domestic Property and Casualty Insurers (millions)



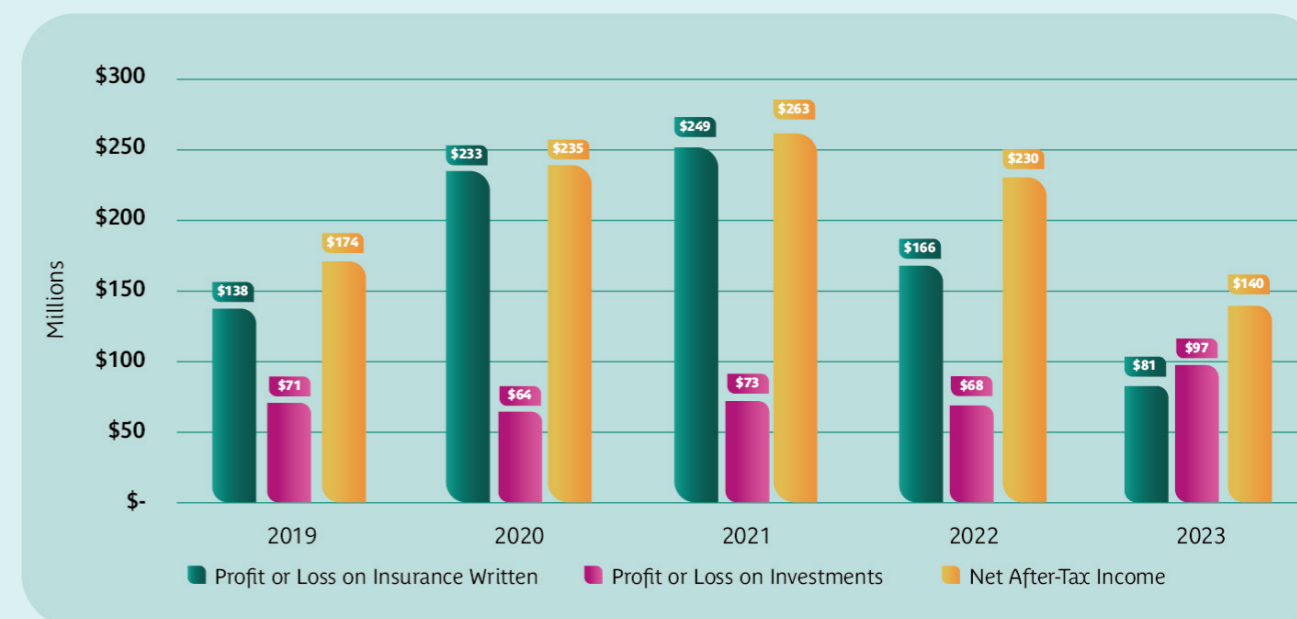
Written Premium increased by 33% in 2023 as compared to 2019, while losses paid decreased by 47%. In 2023, losses paid by domestic Property and Casualty Insurers represented 33% of written premium.

Balance Sheet Domestic Property and Casualty Insurers (millions)



In 2023, policyholder surplus increased by 2% in comparison to 2022, while assets and liabilities both increased by 10%.

Profit or Loss Statement Domestic Property and Casualty Insurers (millions)



The above table shows Profit on Subscription, Profit on Investments, and Net After-Tax Income. Profit on Subscription decreased from \$166 million in 2022 to \$81 million in 2023. On the other hand, Profit on Investments increased by \$28.8 million as compared to the previous year. Net income decreased by \$90.7 million in 2023.

Distribution of Written Premium by Line of Business Property and Casualty 2023

Commercial Multiple Risks	22.0%
Private Automobile Physical Damage	15.7%
Liability	9.0%
Allied Lines	6.3%
Fire	5.6%
Earthquake	5.3%
Land Transportation	4.1%
Multiple Risk for Homeowners	4.0%
Commercial Automobile Physical Damage	3.9%
Full Liability - Private Automobile	2.9%
Full Liability - Commercial Automobile	2.8%
Surety	2.6%
Medical Malpractice	2.5%
Other	13.4%

The above table shows the breakdown by lines of business of the Property and Casualty sector and that in 2023 represented more than 1% of total premium written by authorized insurers and surplus lines insurers in Puerto Rico.

An evaluation of the most important financial indicators shows that the domestic Property and Casualty insurer sector in 2023 results in an average for the past five years, thereby maintaining stable liquidity. However, the loss ratio increased from 88.6% in 2022 to 94.8% in 2023.

Certified, Accredited, and Reciprocal *Jurisdiction Reinsurers*

Ratios	2023	2022	2021	2020	2019
Liabilities versus Assets	75.0%	73.9%	70.9%	77.8%	80.5%
Combined Ratio	94.8%	88.6%	81.8%	81.7%	89.3%

Reinsurers play a key role in our insurance industry. There are 36 authorized reinsurers that participate in the Property and Casualty sector, backed by a surplus of \$72,461 million, not including the surplus of non-organized authorized reinsurers in the United States. Domestic Property and Casualty insurers ceded \$1,184 million in reinsurance, or 43% of direct business. The following table shows the interaction of the reinsurers in this sector.

Rule 98 of the Regulations and Chapter 46 of the Insurance Code establish the criteria and parameters for regulating reinsurance to be purchased by domestic ceding insurers by granting reinsurance credits as assets or reduction of liabilities. Beginning in 2022, a regulation on reinsurance credit was adopted for the elimination of collateral for reinsurers outside of the United States according to the reinsurance collateral provisions of the Covered Agreements with the European Union (EU) and the United Kingdom (UK) recognized in the model regulation of the National Association of Insurance Commissioners (NAIC).

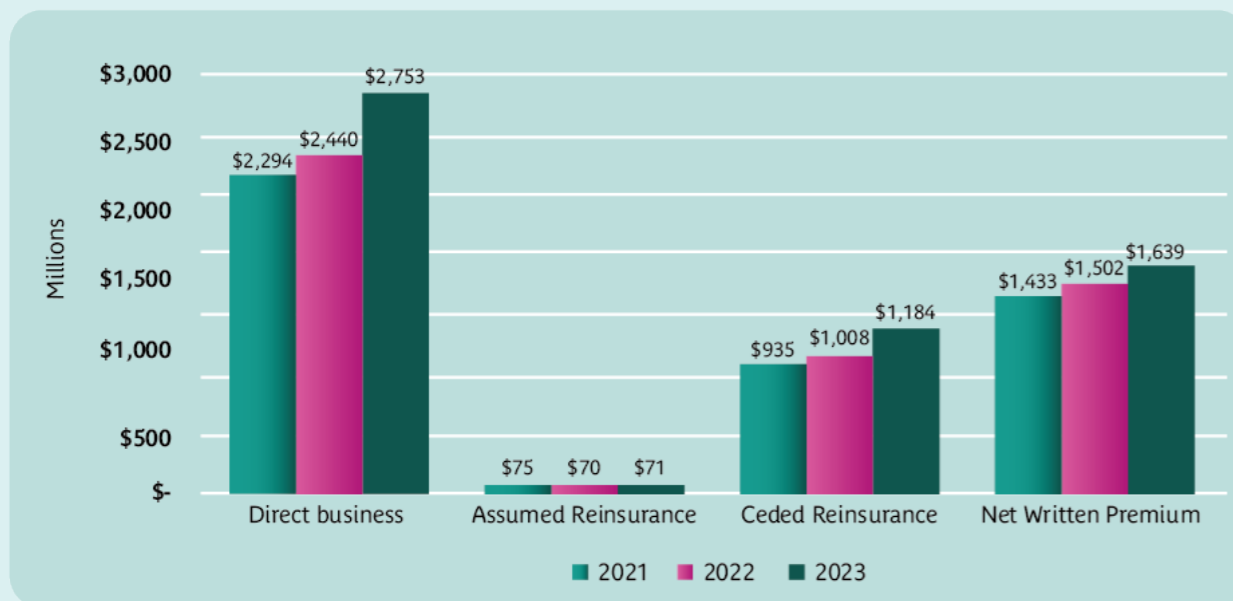
Total of Reinsurance Assumed and Ceded by Domestic Property and Casualty Insurers 2021-2022-2023 (millions)

In addition to adopting reinsurance operations in Reciprocal Jurisdictions, in which a ceding insurer is authorized to purchase reinsurance in a jurisdiction outside of the United States (subject to the "Covered Agreement" between the United States, the European Union, and the United Kingdom), qualified jurisdictions, and jurisdictions of the United States, during 2023, a total of 23 reinsurers were recognized as Certified Reinsurers or Reciprocal Jurisdiction Reinsurers, which broadened the options for purchasing reinsurance for domestic ceding insurers in Puerto Rico.

The following table shows the breakdown for Certified, Accredited, and Reciprocal Jurisdiction Reinsurers in 2023.

Certified/Accredited Reinsurers	Reciprocal Jurisdiction
17	6

Reciprocal Jurisdiction Reinsurers must be approved by the Commissioner of Insurance of the State that is accredited by the National Association of Insurance Commissioners, NAIC, and must also undergo a Passporting Review Process for Certified and Reciprocal Jurisdiction Reinsurers through an evaluation by the Reinsurance Financial Analysis (E) Working Group of the NAIC. Since 2023, the OCS staff participates in that Working Group.





Life Insurance and Annuities

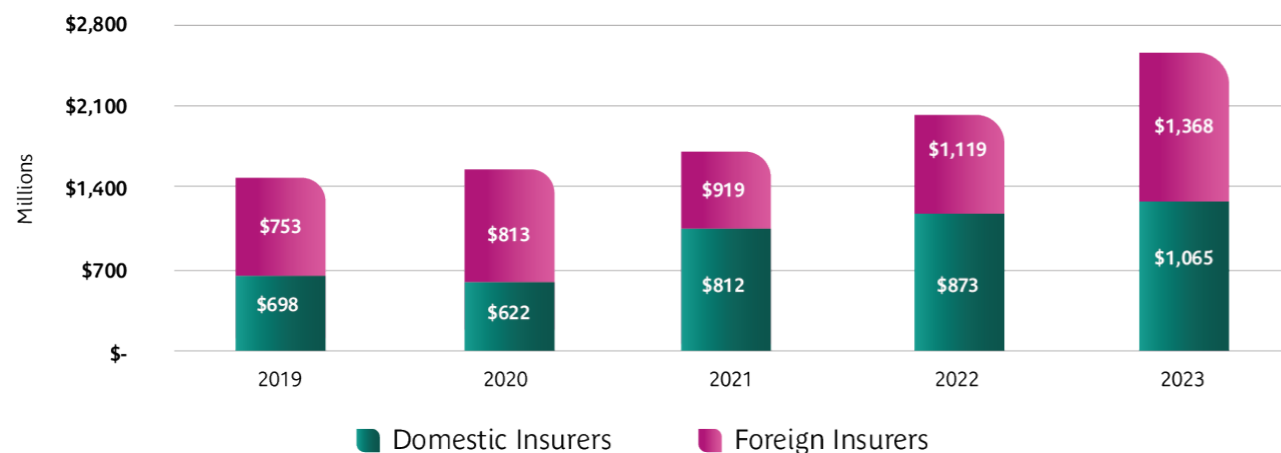
The following table shows Written Premium in the Life and Annuities sector between 2019 and 2023. In 2023, there was an increase of 22%.

In contrast to the other insurance sectors, in the Life, Disability, and Annuities insurance sector, foreign insurers have the highest market share, at 56%. In the Puerto Rican market, there are important global competitors that, due to the volume of their business, are able to generate economies of scale in their premium per thousand structure. This may be one of several factors that explain market domination by foreign insurers, along with the investment

and operational requirements that apply to domestic insurers and the modest return that is typical of this sector

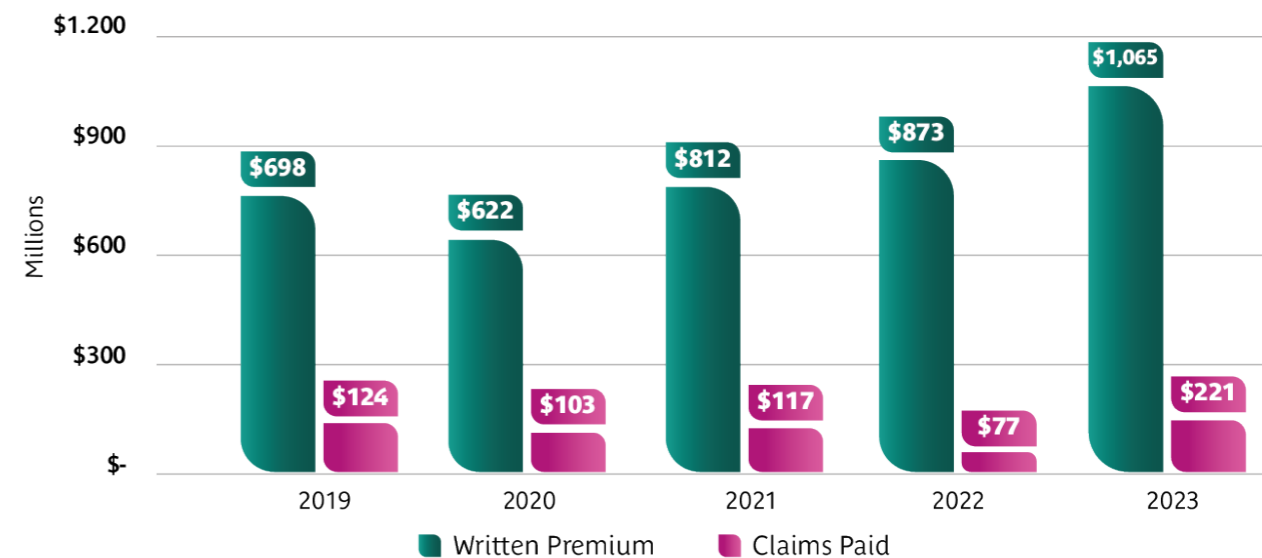
The next table shows written premium trends for foreign and domestic insurers. Compared to 2022, foreign insurers showed a growth of 22%, continuing with the same growth trend of the previous year that had also been 22%. Domestic insurers also increased by 22%, a significant increase as compared to the previous year in which growth had been by 8%. Comparing growth in 2023 to that of 2019, the increases are by 53% for domestic insurers and 82% for foreign insurers.

Written Premium for Life and Annuity Insurance (millions)

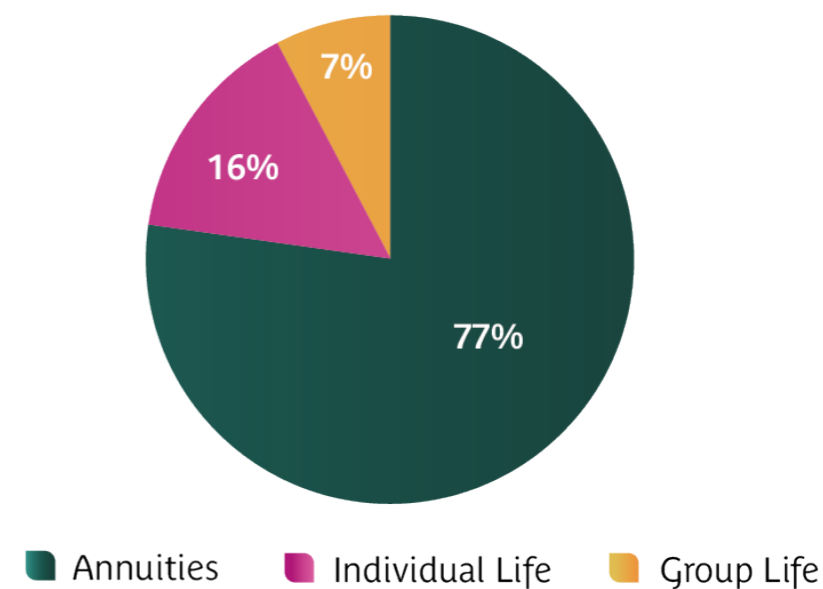


The following table shows that the volume of written premium for domestic insurers increased by 22% and the claims paid increased by 185%. This year, the claims paid ratio is the highest for the past 5 years (2019-2023), having been at the lowest in 2022 (as compared to 2018-2022). The ratio between Claims Paid and Written Premium was 21% in 2023 compared to 9% in 2022.

Written Premium and Claims Paid Domestic Life and Annuity Insurers (millions)



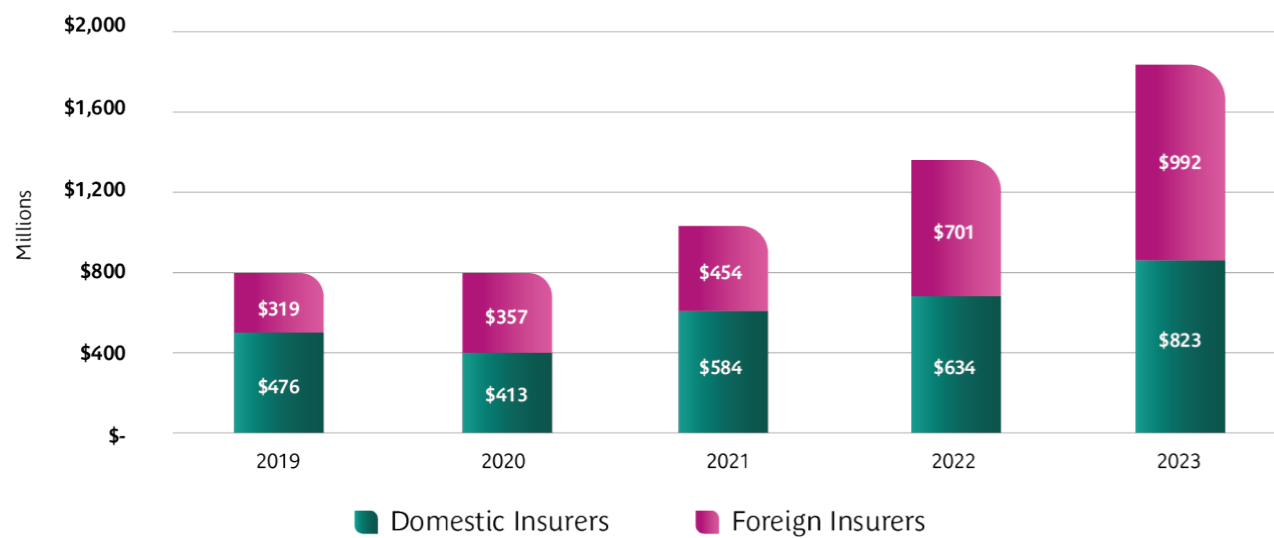
Distribution of Written Premium Life and Annuity Business Lines - 2023



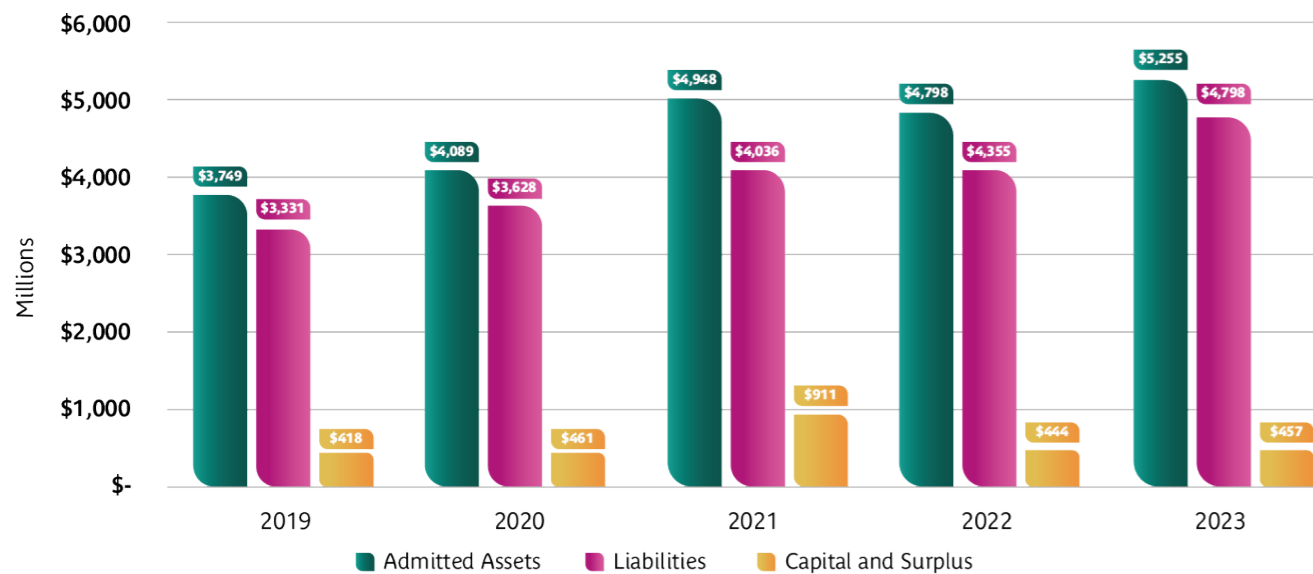
As shown in the table above, the Annuities segment represents 77% of the total volume of premium in the Life and Annuities sector (compared to 73% the previous year). The Individual Life Insurance segment represents 16% of the total volume of business and Group Life Insurance represents 7%.

Written Premium for Annuities increased 36% as compared to 2022. This growth has been higher in the past 5 years. In addition, if we compare this to 2019 figures, growth between that year and 2023 has been 128%. Domestic insurers wrote 45% of total written premium for Annuities.

Written Premium in Annuity Insurance (millions)

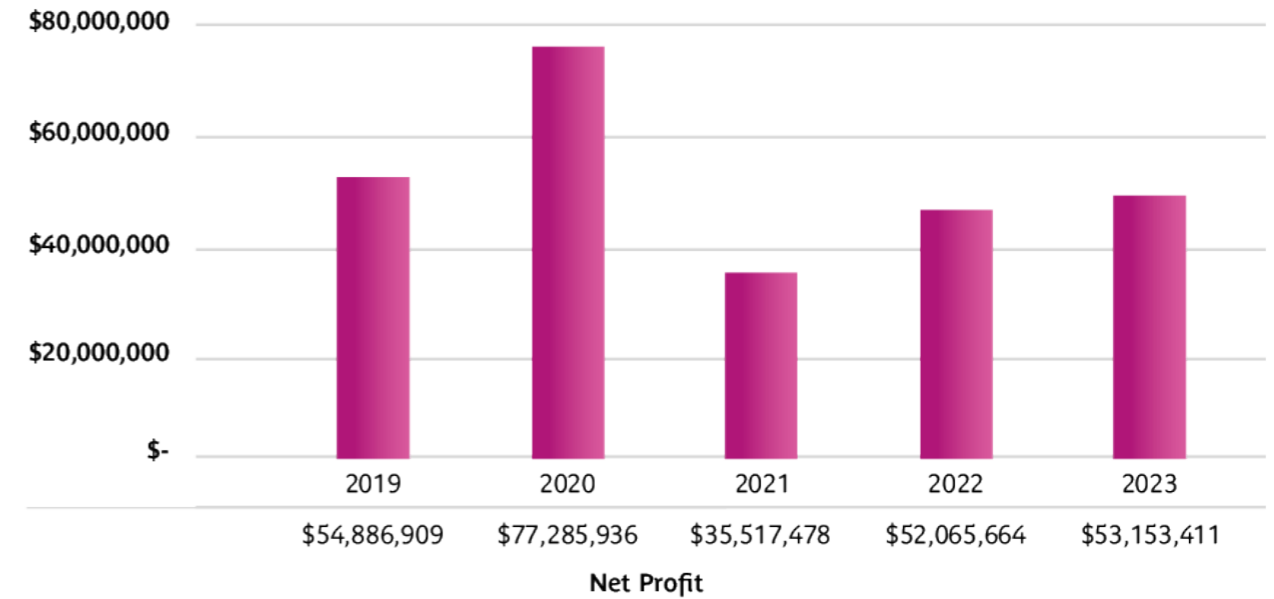


Balance Sheet Domestic Life and Disability Insurers (millions)



As compared to 2022, admitted assets of domestic insurers that write Life and Annuity Insurance grew by 10%, and Liabilities equally increased by 10%. In 2023, Capital and Surplus increased by 3%.

Net Profit for Domestic Life and Disability Insurers



Net profit in 2023 is practically stable, having increased by 2% with regard to the previous year. In 2022, this showed a recovery after the decrease in 2021 due to the use of medical services related to COVID-19 and increased by 47%.

Ratios	2023	2022	2021	2020	2019
Share of Assets Invested	69.1%	74.2%	74.9%	76.5%	75.6%
Return on Assets	1.0%	1.1%	.76%	1.88%	1.44%
Return on Income	0.8%	1.0%	2.4%	5.9%	3.9%
Return on Surplus	11.6%	11.6%	7.99%	16.66%	12.88%

Liquidity in the Life and Disability sector decreased by 5.1% in comparison to invested assets. Return on Assets was practically stable, decreasing by only 0.1%. Return on Income decreased by 0.2% and the Return on Surplus stayed the same as compared to 2022.

Tables in the appendixes include more detailed data that document other key indicators on the performance of the Life and Disability sector.



Health Insurance

In the Health Insurance sector, sustained growth for written premium can be observed for the past 5 years. In 2023, the growth was by 4% as compared to 2022, while

as compared to 2019, growth was at 42%, which amounts to a total of \$4,398 million in written premium.

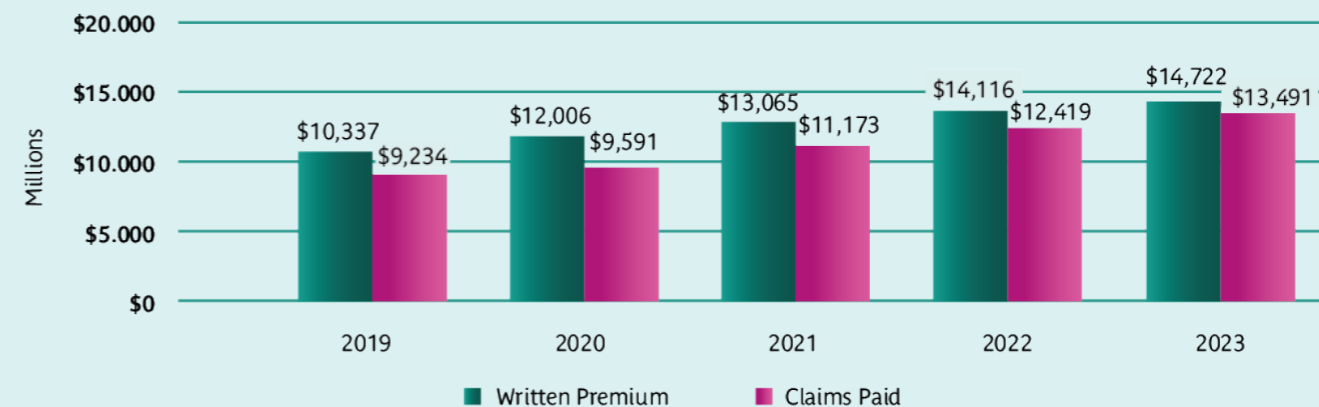
Total Written Premium: Health and Disability (millions)



The following table shows an analysis of the relative changes in Written Premium and Claims Paid in Health and Disability Insurance, where an increase of 4% is observed for

Written Premium by Disability Insurers and Health Services Organizations, and Claims Paid increased by 9%.

Written Premium and Claims Paid: Domestic Health Services Organizations and Disability Insurers (millions)



The following table shows the market share of the different kinds of health insurance, in terms of insured lives. Sixty-eight percent (68%) of insured lives have coverage supported by federal funds, such as Plan Vital (Medicaid) at 34.3%, through ASES (the Puerto Rico Health Insurance Administration)

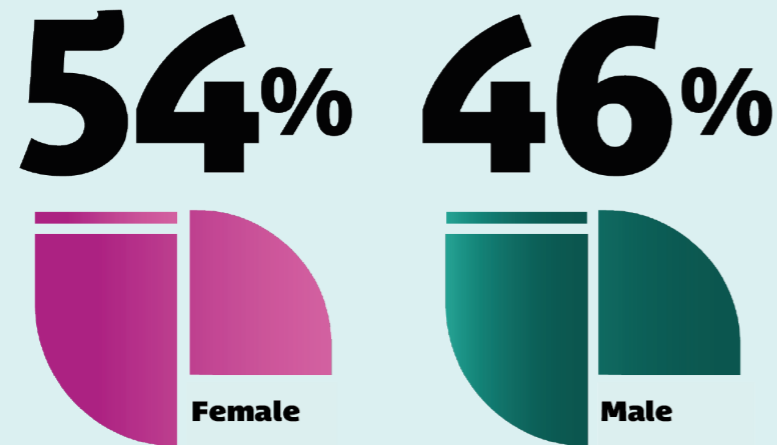
which provides all medically indigent individuals or families in Puerto Rico with medical, hospital, and prescription drug coverage. This is followed by Medicare Advantage with a share at 27.3%, Medicare Platinum (traditional) at 6.3%, and Medicare Supplement plans at 0.2%.

Distribution of Insured Lives by Type of Health Insurance Coverage - 2023

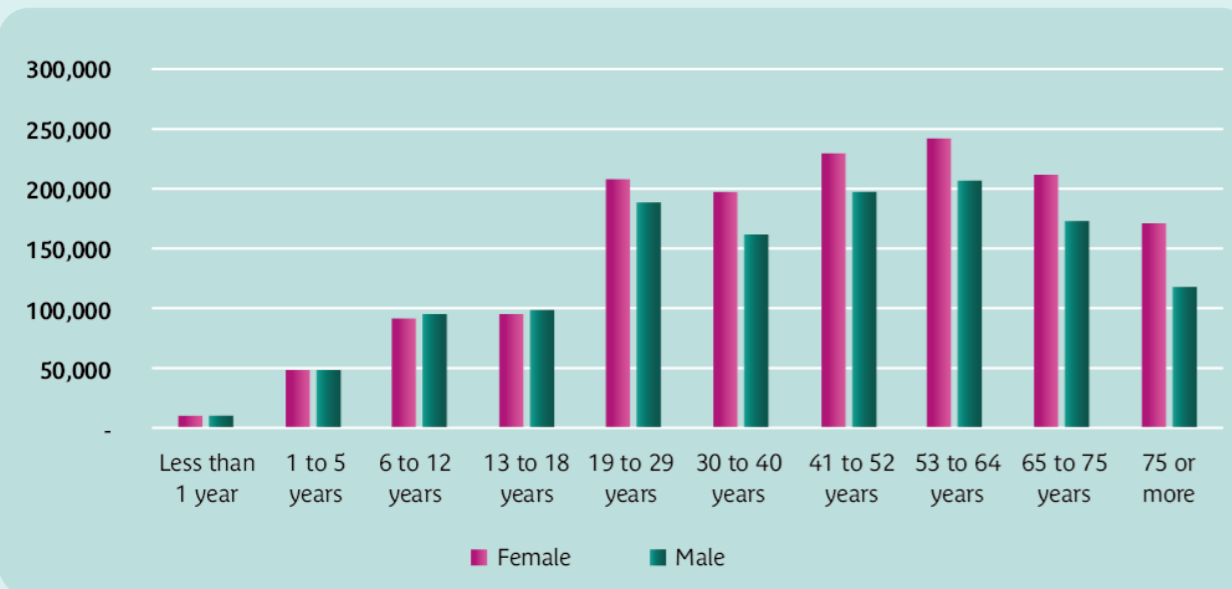
Plan Vital	34.3%
Medicare Advantage	27.3%
Large Private Group Plans	13.5%
Medicare Platinum	6.3%
Private Individual Plans	6.0%
Government Employees	5.5%
Small Private Group Plans	2.9%
Government Retirees	2.1%
Federal Government Employees	2.0%
Medicare Supplement Plans	0.2%
Total	100%

Below is the distribution of insured lives by age and sex. Females were 54% of the total insured lives and

the remaining 46% are males. In addition, the age ranges of 41 to 52 and 53 to 64 years represent the largest share by age group.



Distribution of Insured Lives by Health Insurance Plans by Age and Sex - 2023



The following table shows the breakdown by lines of business in the health industry in 2023 in terms of written premium. The largest market share is for Medicare

Advantage at 37.8%, followed by Plan Vital at 28.1%, and Medicare Platinum at 17.3%, all of which are supported by federal funding.

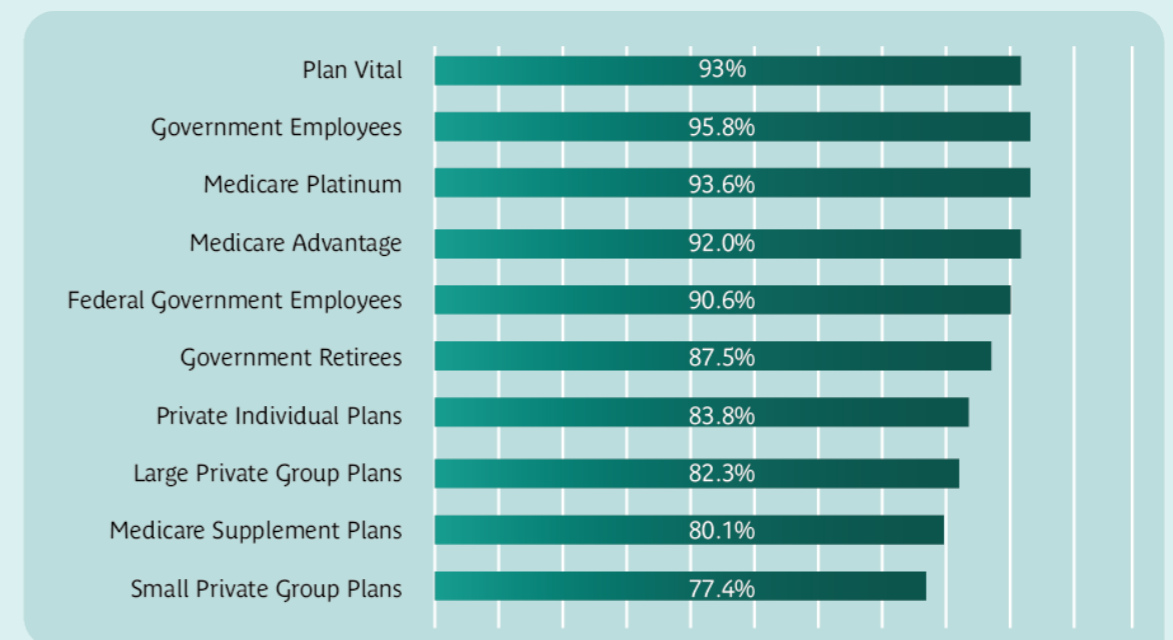
Distribution of Written Premium by Business Lines in Health - 2023

Medicare Advantage	37.8%
Plan Vital	28.1%
Medicare Platinum	17.3%
Large Private Group Plans	5.3%
Government Retirees	3.0%
Private Individual Plans	2.5%
Government Employees	2.4%
Small Private Group Plans	1.8%
Federal Government Employees	1.7%
Medicare Supplement Plans	0.1%
Total	100%

An essential ratio for analyzing the behavior of the above lines of business in health is the Medical Loss Ratio or MLR. The table below shows that the line with the highest losses is the Government Employee line,

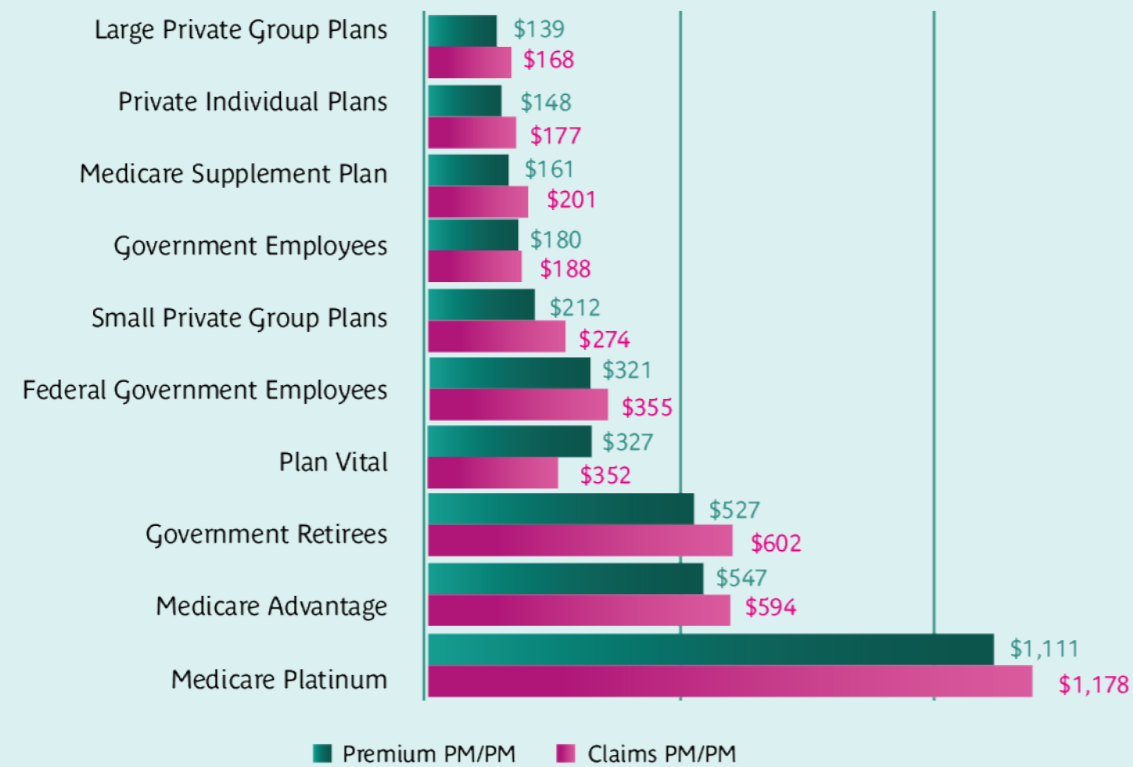
at 95.8%, due, in part, to a significant increase in prescription drug expenses and other medical services expenses in 2023. On the other hand, Small Private Group Plans is the line with the lowest ratio of losses, at 77.4%.

Health Insurance Loss Ratio - 2023



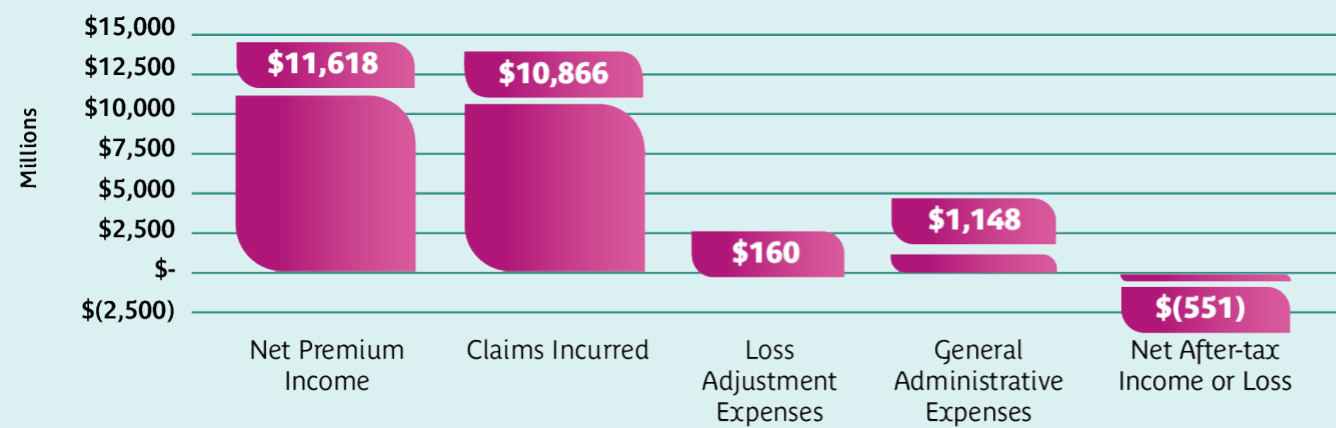
This analysis is complemented with a comparison of average premiums and claims per member per month (pm/pm) by lines of business. The next table shows that the highest premium pm/pm are for Medicare Platinum, Medicare Advantage, and Government Retirees.

Average Monthly Premium and Claims by Insured Lives - 2023



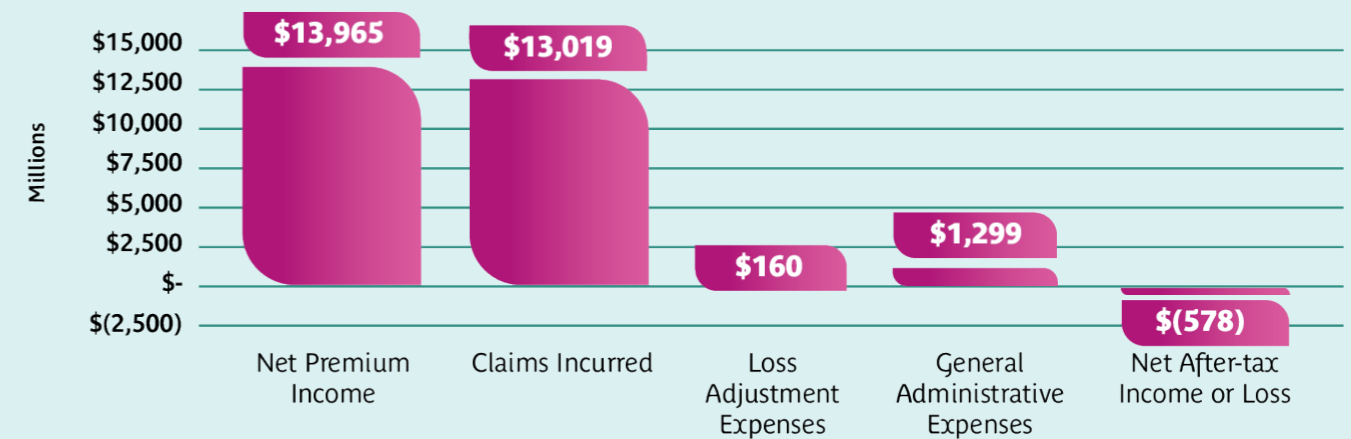
The following are operational indicators for health services organizations (HMOs) in 2023

Earned Premium, Claims Incurred, Loss Adjustment Expenses, and Administrative Expenses of Health Services Organizations - 2023 (millions)



The following table shows the impact of these operational indicators when domestic Disability Insurers that offer Health Insurance are included.

Earned Premium, Claims Incurred, Loss Adjustment Expenses, and Administrative Expenses of Domestic Health Services Organizations and Disability Insurers - 2023 (millions)



The following summarizes the comparative financial condition of health services organizations at the closing of 2023:

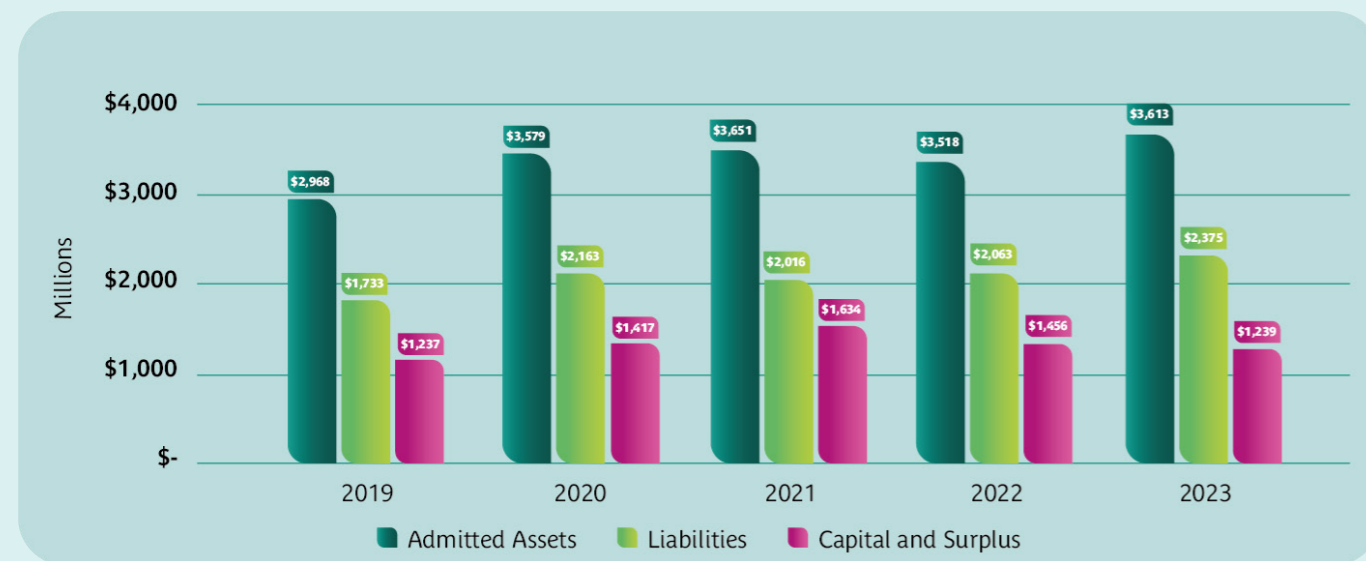
Financial Condition Health Services Organizations (millions)



The admitted assets of health services organizations show a 9% growth as compared to the previous year. On the other hand, growth ratio in 2023 as compared to 2018 was at 33%. Capital and Surplus decreased by 3% and Liabilities increased by 18% as compared to the 2022 results.

The following table shows the impact on the financial condition of the sector when domestic Disability Insurers that offer Health Insurance are included.

Financial Condition Domestic Health Services Organizations and Disability Insurers (millions)



It should be noted that the Admitted Assets increased by 3% and Liabilities increased by 15%, while Capital and Surplus decreased by 15%.

Some of the most relevant ratios for this sector, including the impact to domestic Disability Insurers, are compared below.

Ratios	2023	2022	2021	2020	2019
Medical Loss Ratio	93.4%	88.9%	86.5%	81.2%	90%
Profit Margin	-4.1%	0.3%	1.4%	2.0%	1.6%

More detailed tables are included in the appendixes of this report to document key indicators on the performance of health services organizations.



Microinsurance

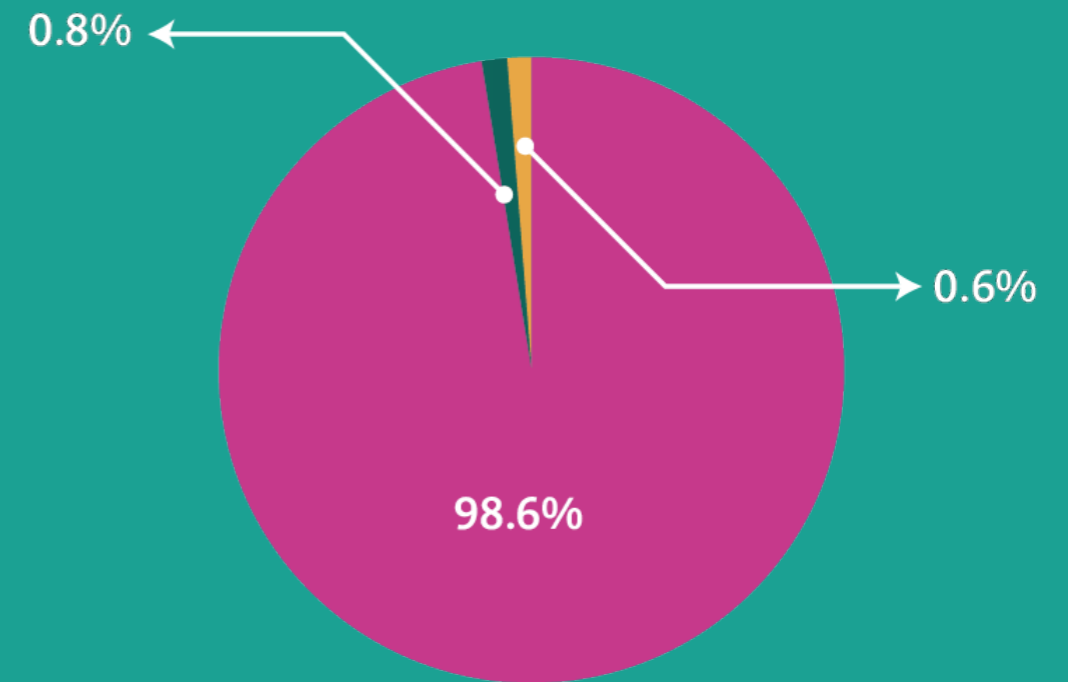
Context

Act No. 246, enacted on November 27, 2018, created Chapter 15 of the Insurance Code, to establish a statutory framework for microinsurance products focused on promoting access to insurance coverage at low-cost premiums and providing financial protection against natural disasters. Microinsurance is the kind of low-cost parametric insurance that provides coverage against financial losses of an individual residing in Puerto Rico caused by earthquakes, storms, cyclones, hurricanes, floods, fire, and/or other natural disasters.

The table below shows the growth of Microinsurance in the last three years. From 2021 to 2023, Written Premium for Microinsurance has grown by 217%.

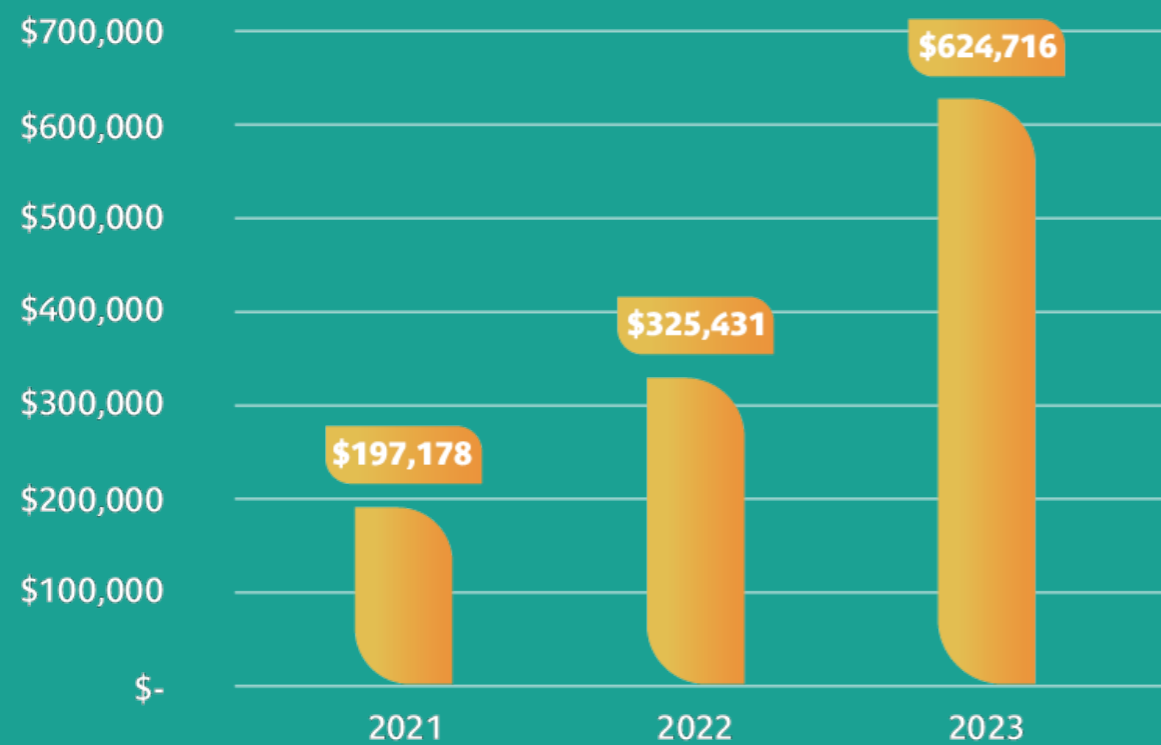
The following illustrates the market share of the three main insurers that offer Microinsurance products and their share in this line of business.

Written Premium for Microinsurance - 2023



- Optima
- United Surety
- Cooperativa de Seguros Multiples

Written Premium for Microinsurance



International Insurance Center

Act No. 399-2004 created the International Insurance Center (IIC), a division of the Office of the Commissioner of Insurance, which provides for the authorization of international insurers and reinsurers in Puerto Rico. The purpose of the ICC is to promote the development of the economy of Puerto Rico by exporting financial and professional services to other countries.

Act No. 399-2004, adopted under Chapter 61 of the Insurance Code of Puerto Rico and its regulations, establishes the legal basis under which a company may be authorized as an international insurer or reinsurer to import under this special authorization insurance and services related to the business from Puerto Rico to other countries. Under this unique framework there are several special incentives that provide a favorable tax structure to insert entities and their holding companies in the international insurance market.

After filing the application and paying the corresponding fees, an international insurer may transact insurance under the following classes:



	Insurance Permitted	Insurance Not Permitted	Insurable Risk
Class 1	Authority to transact property, maritime perils and transportation, farm, vehicle, accident (limit under \$10 million), warranty, and title insurance or reinsurance.	<ul style="list-style-type: none"> Disability insurance Life insurance High-limit accident insurance Property Catastrophe Reinsurance 	<ul style="list-style-type: none"> Risk for sole owner of the international insurer, any affiliate owner of another international insurer affiliate
Class 2	Authority to transact property, maritime perils and transportation, farm, vehicle, accident (limit under \$10 million), warranty, and title insurance or reinsurance	<ul style="list-style-type: none"> Disability insurance Life insurance High-limit accident insurance Property Catastrophe Reinsurance 	<ul style="list-style-type: none"> Risk of the owner, whether or not an affiliate, of the international insurer or of any of its respective affiliates Risk arising from the business or commercial operations of such owners or affiliates, as may be determined by the Commissioner
Class 3	Authority to transact property, maritime perils and transportation, farm, vehicle, accident (limit under \$10 million), warranty, and title insurance or reinsurance	<ul style="list-style-type: none"> Disability insurance Life insurance High-limit accident insurance Property Catastrophe Reinsurance 	<ul style="list-style-type: none"> Risk outside of the United States Risk in PR as limited by Rule 100 and Chapter 61 of the Puerto Rico Insurance Code Risk in the United States using segregated assets plans (SAPs) regarding sole owner SAPs
Class 4	Authority to transact property, maritime perils and transportation, farm, vehicle, accident (limit over \$10 million), warranty, and title insurance or reinsurance	<ul style="list-style-type: none"> Disability Reinsurance Life Reinsurance 	<ul style="list-style-type: none"> Risk outside of the United States Risk in PR as limited by Rule 100 and Chapter 61 of the Insurance Code of Puerto Rico.
Class 5	Disability and life insurance and reinsurance	<ul style="list-style-type: none"> Insurance and reinsurance that is not specifically permitted 	<ul style="list-style-type: none"> Risk outside of the United States Risk in PR as limited by Rule 100 and Chapter 61 of the Insurance Code of Puerto Rico.
Class 6	Authority to transact risk assessment programs	<ul style="list-style-type: none"> Not related to risk assessment programs 	<ul style="list-style-type: none"> Authority to transact risk assessment programs

At the closing of 2023, there were thirty-three (33) international insurers and reinsurers with authority to transact insurance under any of the classes permitted by the ICC, of which fourteen (14) international insurers have segregated assets plans (SAPs).

2023	Class 1	Class 2	Class 3	Class 3 and 5	Class 5	Total
Authorized International Insurers (AIs)	4	1	8	6	14	33
AIs with Segregated Assets Plans (SAPs)	-	-	4	4	6	14
Number of SAPs*	-	-	67	317	7	391
Total Premium per Class*	\$2,004,703	4,184,670	\$107,611,990	\$250,883,523	\$951,898,352	\$1,316,583,238
Total Assets per Class*	\$92,772,782	\$2,707,160	\$48,951,996	\$667,581,140	\$9,667,672,661	\$10,479,685,739

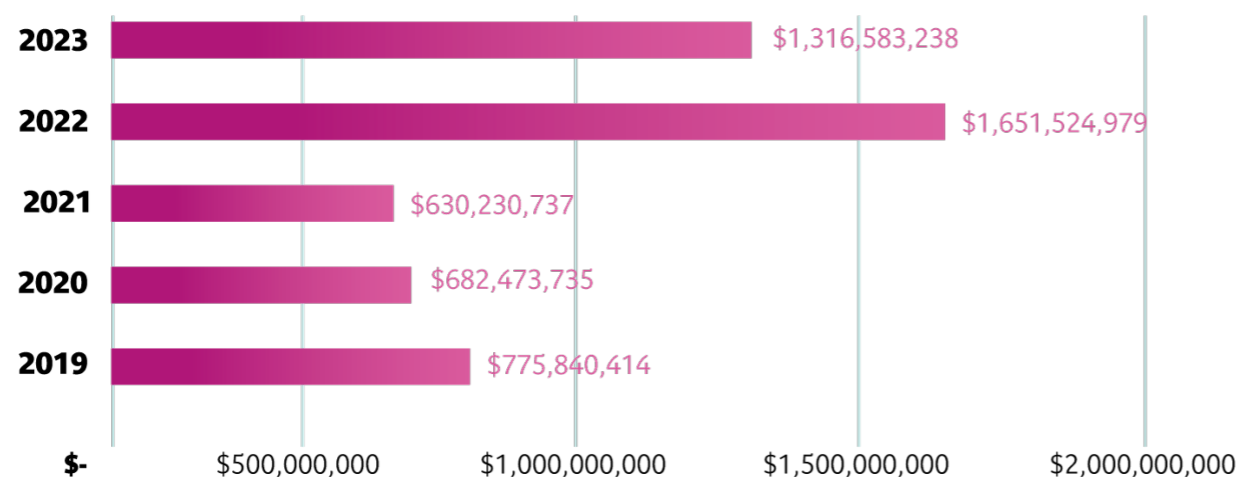
*Unaudited data

In 2023, four (4) new international insurers and reinsurers were authorized, including the creation of 64 SAPs registered for the first time. The number of segregated assets plans (SAPs) decreased by 7% as compared to 2022 due to voluntary liquidation.

Total written and assumed premium for 2023 was \$1,316 million. As compared to last year, this represents a decrease by 20%, mainly due to a reduction in assumed premium by international reinsurers that offer life and disability insurance (Class 5). However, growth was higher than the one reported from 2019 to 2021.

Total assets increased from \$6,900 million in 2022 to \$10,479 million in 2023, mainly due to an insurer from Bermuda relocating its business and an entity from the Cayman Islands transferring its business portfolio to an international insurer.

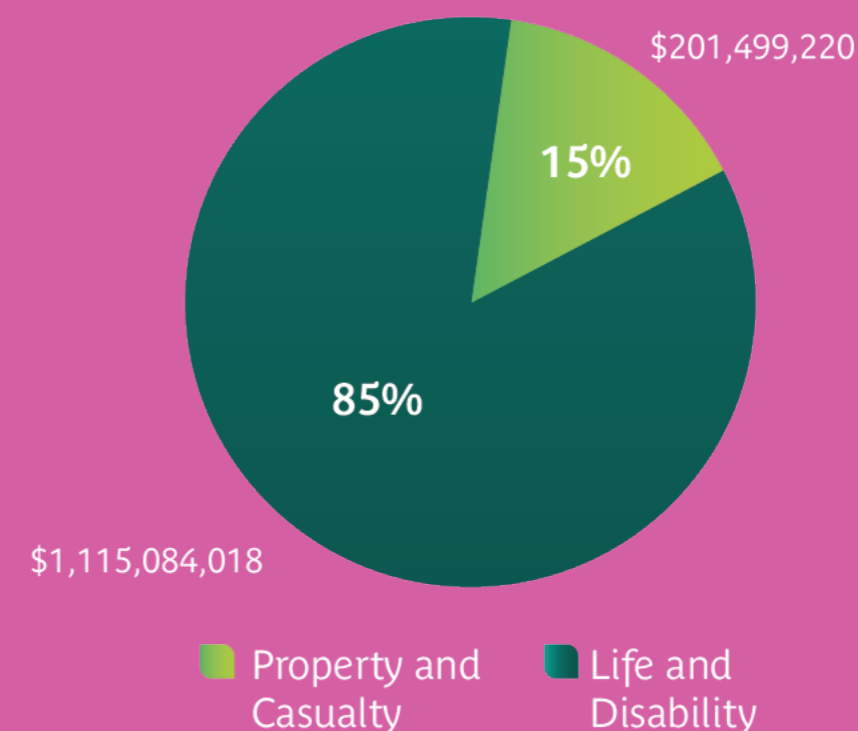
Total Written and Assumed Premium by International Insurers and Reinsurers



For Written and Assumed premium in 2023 in the international sector, 15% of risk was covered by Property and Casualty insurance and 85% by Life and Disability.

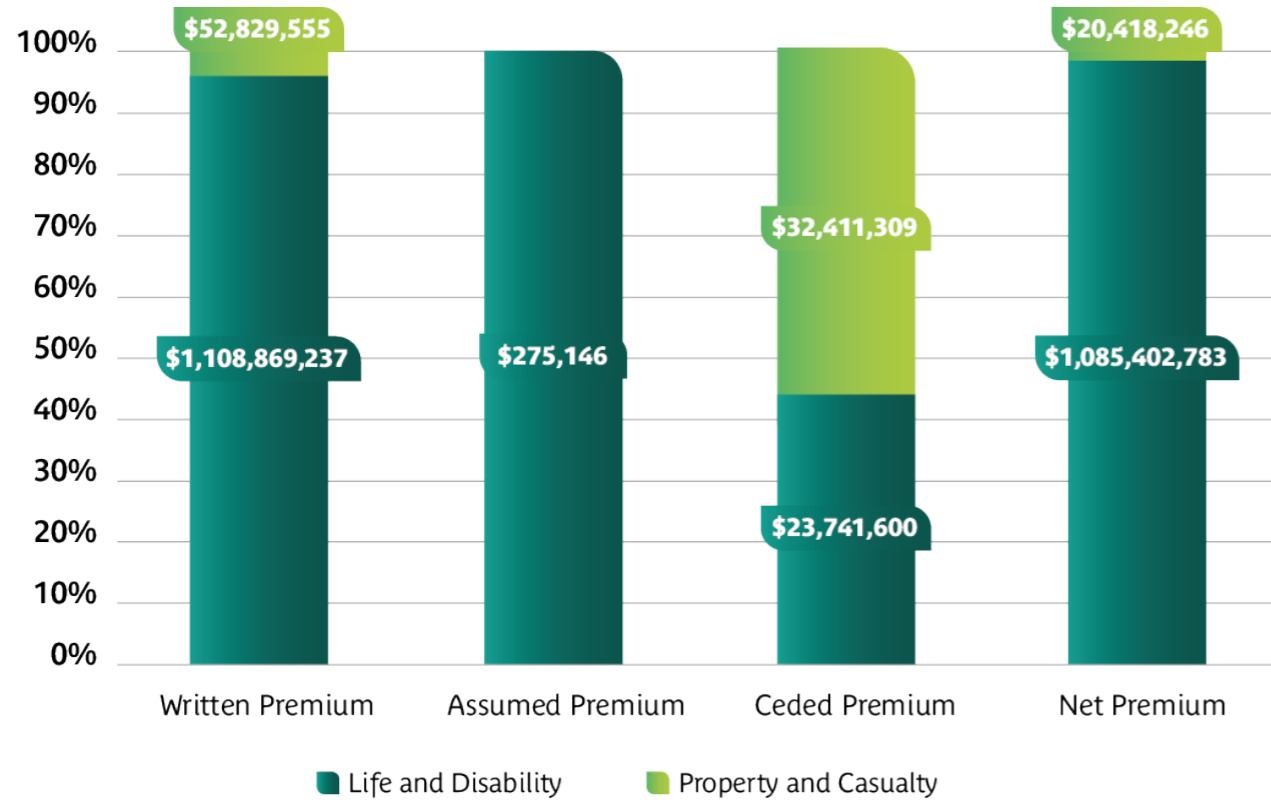


Written and Assumed Premium by International Insurers and Reinsurers - 2023



The table below shows the written, assumed, ceded, and net premium by International Insurers in 2023.

Written Premium by International Insurers



The following table shows assumed premium and kinds of guarantees used by international reinsurers by business sector for 2023.

Assumed Premium by International Reinsurers 2023

\$	Assumed Premium	Retained Funds	Letter of Credit	Assets in Trust
Life and Disability	5,939,625	1,116,138,487	0	597,341,907
Property and Casualty	148,669,665	6,251,702	0	70,854,446

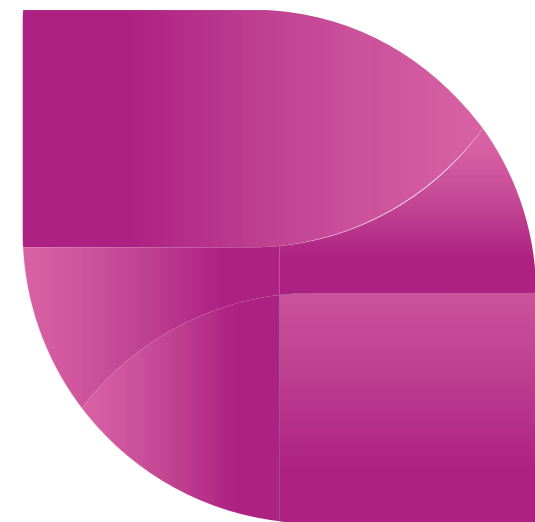


Consumer Services Investigations Division

The Consumer Services Investigations Division is the OCI liaison with the public. Under the Division, the OCI offers the following four (4) services to insurance consumers, including health insurance providers:

1. INVESTIGATIONS AND PROMPT PAYMENT

- Answers consultations made by the public and health services providers, whether by telephone, in writing, or personal visits.
- Provides orientation to the public and health services providers regarding their rights, including the Consumer Bill of Rights, the law, and their insurance policies. Identifies cases that our Office should investigate formally.
- Investigates requests for investigation and intervention and gathers the necessary information to determine possible violations of the Puerto Rico Insurance Code, the Puerto Rico Health Insurance Code, and their respective Regulations and Ruling Letters.
- Issues Orders on violations to the Puerto Rico Insurance Code and its Regulations.



2. INDEPENDENT EXTERNAL REVIEW PROCESS (In accordance with the provisions of Chapter 28 of the Puerto Rico Insurance Code)

- Available to subscribers of commercial health insurance plans to address discrepancies related to an adverse determination on the medical necessity of a treatment, procedure, or medication ordered by a physician.
- Must be carried out through an external entity that is independent from the insurer or health services organization of the subscriber.
- The OCI, in order to comply with the provisions of Chapter 28 of the Health Insurance Code, engaged the services of an external reviewer, to whom the external review requests received by the Investigations Divisions are referred to. Although Chapter 28 provides that the responsibility of conducting the review process falls on the independent external entity, the determination issued by that entity is binding upon the subscriber and upon the insurer or health services organization.

3. VERIFICATION OF POLICY PLACEMENT

- The verification of policy placement is a service that is available to individuals who want to determine whether a person or property had an active insurance policy on a specific date.
- This service has a cost of \$10.00.
- This process is available for the life and disability insurance sector, as well as for the property and casualty insurance sector.
- Once a verification has been requested, the OCI requests that the insurer from the business sector in question report whether or not there is a policy issued for the person or property in question. When the OCI receives the response from these insurers, the person who made the request is advised in writing, whether to report that no policy was found or to attach copies of the policies that were found.

4. IMPLEMENTATION OF CENTRALIZED CREDENTIALING PROCESS

In order to fulfill its duty of establishing favorable conditions to retain physicians and other health care providers in Puerto Rico, the OCI implemented the new Digital Credentialing Platform (SICRO), which centralizes the credentialing process in order to streamline it and reduce the bureaucratic burden on health care providers. SICRO offers health care providers in Puerto Rico the following benefits:

- Reduces the costs and the administrative burden on providers.
- Digital Credentialing process through an online platform.
- Easy-to-use and reliable platform.

- More opportunities to enter into contracts with Health Insurers.
- Application and document review process within 30 days.

SICRO was implemented in the last quarter of 2023. This initiative, which was established in accordance to Act No. 73-2023, was well-received and accepted. The following summarizes the data received as of 2023.

Insurance Companies	Registered Providers
Health Plan of Servicios de Salud Bella Vista, Inc.	150
First Medical Health Plan, Inc.	770
Humana	769
MAPFRE Life	380
MCS Life Insurance Company	452
MCS Advantage, Inc.	392
Auxilio Health Plus, Inc.	99
Plan de Salud Menonita, Inc.	636
Ryder Health Plan, Inc.	48
Triple-S Salud, Inc.	874
Triple-S Advantage, Inc.	410
Delta Dental of Puerto Rico, Inc.	41
Total	5,021

With the implementation of this platform, the Consumer Services Investigations Division was tasked with answering calls from health care providers seeking orientation and assistance on the use of this tool and with overseeing compliance with the term provided by law to complete the provider credentialing process. As of December 31, 2023, The Division had answered 106 calls.

5. Division Performance in 2023:

INVESTIGATIONS AND PROMPT PAYMENT

Received	Resolved
503	482

INDEPENDENT EXTERNAL REVIEW

Received	Resolved
4	4

VERIFICATION OF POLICY PLACEMENT

Received	Resolved
451	451

ORDERS AND AMOUNT COLLECTED

In 2023, the División issued 21 orders that became final and unappealable for a total of \$77,700 in sanctions.

Information on the Services to the Public and Services to Licensees Divisions



Brief description of the functions of the Service Divisions

Services to the Public Division

- Processing new licenses and renewals.
- Providing orientation and assistance to the public that visit the Office regarding matters related to the OCI.
- Responding to telephone calls and emails from the public.
- Assisting all licensees on annual reports on premiums and commissions.
- Assisting insurance licensees.
- Offering exams for insurance licenses on a daily basis.
- Issuing Certifications of Good Standing and Clearance Letters.

Services to Licensees Division

- Processing corporate licenses, authorized resident and non-resident individuals.
- Providing orientation on and processing of all licenses for non-residents.
- Receiving, evaluating, and approving domestic and foreign continuous education courses.
- Evaluating the continuing education requirements for renewal by licensees.
- Evaluating entities seeking to be continuing education providers.
- Evaluating candidates seeking to act as Proctors in continuing education courses and seminars.

- Receiving and processing renewals of certificates of authorization for insurance companies.
- Evaluating, approving, or canceling designated countersignatures.

2023 Key Information

- A total of 15,293 licenses were processed.
- A total of 3,502 exams were given to aspiring licensees.
- A total of 443 courses that qualify for continuing education credit hours were approved.



New Legislation and Regulations



2023 LEGAL REPORT

Laws, regulations, ruling letters, and circular letters approved during 2023

LAWS

Number	Date of Approval	Matter
Act No. 30 – 2023	January 13, 2023	To amend sub-paragraph (5), paragraph A, of Section 5 of Act No. 237-2004, as amended, the “Act to Establish Uniform Parameters in the Procedures for Contracting Professional or Consulting Services for Government Agencies and Entities in the Commonwealth of Puerto Rico,” and paragraph (h), Section 2, of Section 9 of Act No. 72-1993, as amended, the “Health Insurance Administration Act,” to add to the requirements that all insurers or health services organizations, pharmacy benefits managers (PBM), entity, or health services providers, to be able to enter into contracts with any instrumentality, division, or agency of the Government, must certify they have no outstanding debt or that there is a payment plan for such debt that is in compliance with no arrears, with the Intramural Medical Practice Plan of the School of Medical Sciences of the University of Puerto Rico or the External Clinics and the Dental Clinic; and also to establish an initial term of thirty (30) days from the time that the contractor certifies that it is engaged in an active accounting process of reconciling invoices and payments, as provided in such laws, that if such process is not completed within such terms the matter will be forwarded to the Commissioner of Insurance so that within no more than thirty (30) days the Commissioner may make a summary decision on the controversy and rule that the debt is due and payable, with applicable interest, as well as the expedited judicial review of such decision; and for other related purposes.

LAWS

Act No. 40 – 2023	February 21, 2023	To amend Subsection 6 of Section 6 of Act No. 72-1993, as amended, the "Health Insurance Administration Act of Puerto Rico"; and amend paragraph (5) of Section 19.030 of Act No. 77, June 19, 1957, as amended, the "Insurance Code of Puerto Rico," to broaden coverage of in-home services for bed-ridden persons under (21) years of age with complex physical or physiological diversity; and for other related purposes.
Act No. 67 – 2023	June 12, 2023	To create the "Screening and Diagnosis of Hepatitis A, B, and C in Puerto Rico Act", to establish as public policy of the Commonwealth of Puerto Rico the eradication of the hepatitis virus in its different modalities by 2030; to provide offering the screening test for hepatitis A, B, and C as part of routine testing for all medical evaluations; to provide for covering screening and diagnostic tests for hepatitis A, B, and C by the Government of Puerto Rico Health Insurance Plan and health insurance plans authorized by the OCI; and to amend Section 3 of Act No. 232-2000, the "Certification of Health Act of Puerto Rico," to include hepatitis A, B, and C tests among the tests that are required to obtain a health certificate; and for other related purposes.
Act No. 73 - 2023	July 17, 2023	To add a new Subsection 7 to Section 6 and renumber current Subsections 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, and 18 as Subsections 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 of Act No. 72-1993, as amended, the "Health Insurance Administration Act of Puerto Rico"; to amend Section 18.040; add new Sections 18.051, 18.052, 18.053 to Act No. 194-2011, as amended, the "Health Insurance Code of Puerto Rico"; to amend Section 7.010 of Act No. 77, June 16, 1957, as amended, the "Insurance Code of Puerto Rico," so that the credentialing of providers that render services under the Government Health Plan and private health insurance be more efficient, cost-effective, and less repetitive, by implementing a sole and uniform application form for gathering the necessary data in the process of verification of credentials; to establish the requirement of modernization of processes at the Boards of Examiners at the Department of Health and filing of progress reports; to provide the necessary funds for servicing and maintenance of the centralized electronic system; and for other related purposes.
Act No. 94 - 2023	August 8, 2023	To amend Section 7 of Act No. 136-2006, as amended, the "Regional Academic Medical Centers of Puerto Rico Act"; to amend paragraph (c) of Subsection 21 of Act No. 139-2008, as amended, the "Medical Discipline and Licensure Board Act"; and to amend Section 41.050 of Act No. 77, June 19, 1957, as amended, the "Insurance Code of Puerto Rico", to clarify the public policy of the Commonwealth of Puerto Rico with regard to immunity applicable to students, resident physicians, physicians in internship programs, and physicians in post-graduate training of the public and private medical hospital institutions, including the Regional Academic Medical Centers.
Act No. 109 – 2023	August 31, 2023	To amend Section 4.050 of Act No. 194-2011, as amended, the "Health Insurance Code of Puerto Rico", to insert paragraph (E) and provide that all health insurance organizations or contracted third parties must include in the calculation or requirement for a contribution or shared cost any payment, discount, or item included in any assistance program, discount plan, coupons, or contribution offered to insureds by the manufacturer of the medication, considering that for all purpose this contribution is for the exclusive benefit of the patient in calculating the patient's contribution.

RULES

Number	Date of Approval	Matter
Rule No. 105 of the Regulations of the Insurance Code of Puerto Rico, "Requirements for Filing and Processing Parametric Insurance"	June 12, 2023	Establishes the regulatory framework for coverage of parameterizable risks in parametric insurance. Rule 105 is adopted to standardize the documentation needed para the approval and oversight of parametric insurance in Puerto Rico.
Rule No. 106 of the Regulations of the Insurance Code of Puerto Rico, "Standards of the Appraisal Process for Insurance Claims"	December 1, 2023	Rule 106 is adopted in accordance with the provisions of Sections 2.030, 9.301, and 11.190(3) of the Insurance Code of Puerto Rico, to establish the necessary standards that will govern the appraisal process to provide the parties with a swift, economical, non-contentious, and informal alternative for the resolution of differences that may arise regarding the amount of damage or losses in a claim related to property insurance in commercial or personal lines, including the claims of divisions and instrumentalities of the Government and Municipalities of Puerto Rico, as well as public corporations.

RULING LETTERS

Ruling Letter Number	Date of Approval	Matter
CN-2023-330-EX	January 19, 2023	Catastrophe Insurance Loss Reserves
CN-2023-331-AP	February 27, 2023	Gathering Statistics on Current Policies and Written Premium
CN-2023-332-AS (English Only) (Amended)	March 27, 2023	Form and Rate Filings Submissions to be Effective for Calendar Year 2024 (Amended by CN-2023-337-AS)
CN-2023-333-AS	March 28, 2023	Report on Medical Loss Ratio
CN-2023-334-D	March 29, 2023	Amendment to Ruling Letter 2022-324-D – Use of the "Complaint Management System" for Filing the "P.R. Insurance Data Collection Report for Hurricane Fiona"

RULING LETTERS

CN-2023-335-D	May 12, 2023	Executive Order OE-2023-12, May 11, 2023, Ending the State of Emergency Due to the Coronavirus, and Repealing Ruling Letters CN-2020- (265, 268, 269, 270, 271, 274, 278, 289)- D, CM-2021-(292,301)-D, CN-2022-315-AS (Modified by the decision in Case No. KLRA20230273)
CN-2023-336-D	May 23, 2023	Recoupment of Special Assessments Paid to the Puerto Rico Miscellaneous Insurance Guaranty Association
CN-2023-337-AS	June 14, 2023	Amendments to Ruling Letter CN-2023-332-AS, dated March 27, 2023, as a result of the ruling in Case No. 20-1760 (DRD)
CN-2023-338-D	August 1, 2023	Extension of Coverage of Compulsory Liability Insurance During the Extension Period for the Motor Vehicle Registration and their Stickers, as provided in Resolution No. 2023-25, July 31, 2023 of the DTOP
CN-2023- 339-D	August 17, 2023	Implementation of the Uniform Application Form for Gathering Necessary Data for the Process of Verification of Credentials of Healthcare Providers and the Implementation of the OCI Digital Credentialing Platform
CN-2023-340-D	September 5, 2023	Extension of Coverage of Compulsory Liability Insurance during the Extended Period for Processing and Renewing Motor Vehicle Registration and their Stickers as provided in Resolution No. 2023-20 of the DTOP, dated September 1, 2023
CN-2023-341-D	September 5, 2023	Information Required for the Application for the Insurance Commissioner's Certification (ICC) in Compliance with the FEMA Obtain and Maintain Program
CN-2023-342-D	October 31, 2023	Required Submission of Information on Properties Covered under Property Policies for Government Entities.
CN-2023-343-D	November 9, 2023	Obligation of All Health Services Organizations and Insurers that Write Health Insurance Plans in Puerto Rico to Provide Treatment, Medication, and Diagnostic Tests for Influenza; Compulsory Immunization Coverage.
CN-2023-344-EX	December 7, 2023	Catastrophe Insurance Loss Reserves

CIRCULAR LETTERS

Circular Letter Number	Date of Approval	Matter
CC-2023-2009-AF	February 14, 2023	Information on Different Aspects of the Health of the Population of Puerto Rico for Women of Reproductive Age, Infants, Children, and Adolescents for Fiscal Year July 1, 2021 to June 30, 2022
CC-2023-2010-D	February 17, 2023	Determination to Participate in the "2023-2024 Selection Form for Compulsory Liability Insurance"
CC-2023-2011-ES	March 14, 2023	Circular Letter Reminder of the Annual Insurance Business Report and the Annual Employment Report
CC-2023-2012-D	March 17, 2023	Deviations of Rates for Dwelling and Residential Condominium Insurance
CC-2023-2013-D	June 23, 2023	Service Window Hours for the General Public
CC-2023-2014-AF	August 17, 2023	Change of Address Steadfast Insurance Company
CC-2023-2015-D	September 1, 2023	Process for Applying for the Insurance Commissioner's Certification (ICC) in Compliance with the FEMA Obtain and Maintain Program Requirements
CC-2023-2016-AF	September 5, 2023	Change of Address Aspen Specialty Insurance Company
CC-2023-2017-D	September 15, 2023	Selection by the OCI of an Independent Review Organization for the External Review and Arbitration Proceedings for Dispute Resolution Regarding Surprise Billing, pursuant to Chapters 28 and 48 of the Health Insurance Code of Puerto Rico
CC-2023-2018-AF	September 18, 2023	Name Change Hudson Specialty Insurance Company Change of Name to Hilltop Specialty Insurance Company
CC-2023-2019-AF	September 18, 2023	Change of Address Empire Fire & Marine Insurance Company
CC-2023-2020-D	September 20, 2023	Beginning of Phase I for the Implementation of the Digital Credentialing Platform for Individual Healthcare Providers and Incorporated Individuals
CC-2023-2021-AF	September 26, 2023	Statutory Meeting of the Medical/Hospital Malpractice Insurance Joint Underwriters Syndicate
CC-2023-2022-AF	November 8, 2023	Change of Address Ironshore Specialty Insurance Company
CC-2023-2023-AV	September 16, 2023	Information on Uniform Standards Approved Under the Interstate Insurance Product Regulation Compacts

CIRCULAR LETTERS

CC-2023-2024-AF	December 8, 2023	Change of Address Safeco Surplus Lines Insurance Company
CC-2023-2025-AF	December 8, 2023	Change of Address Axis Surplus Insurance Company
CC-2023-2026-D	December 19, 2023	Adoption of Forms for Rule No. 106 of the Regulations of the Insurance Code of Puerto Rico, "Standards of the Appraisal Process for Insurance Claims (Regulation No. 9519, December 1, 2023)
CC-2023-2027-D	December 22, 2023	Administrative Recess
CC-2023-2028-AF	December 18, 2023	Change of Address Axis Surplus Insurance Company
CC-2023-2029-AP	December 20, 2023	General Instructions for Filing Rules and/or Rate Forms and Manuals through SERFF



Oficina del Comisionado de Seguros

ANNUAL REPORT 2023



World Plaza Building
268 Ave. Luis Muñoz Rivera
San Juan, PR 00918