

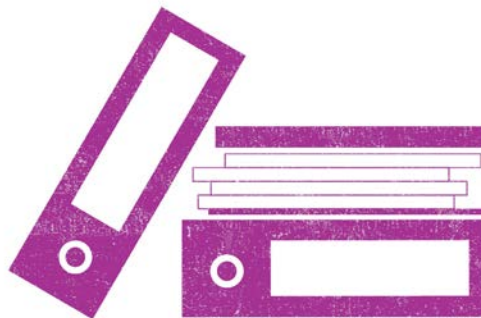
# Advisory Alert: OCI Ruling Letter – Reports to be submitted at shareholder or partner’s meetings

The Office of the Commissioner of Insurance (the “OCI”) considers that it is of vital importance that the shareholders or members of domestic insurers be aware of the financial circumstances of the insurer or health services organization. As such, on November 23, 2015, the OCI issued [Ruling Letter CN-2015-191AF](#), which requires from all domestic insurers and health service organizations the submission of certain financial information that is disclosed in the Annual Report required by the OCI, to shareholders or members of the organization. Specifically, the purpose of this new Ruling Letter is to require that the boards of directors of said entities provide the information included in the Annual Report as per the Insurance Code and Rule 14 of the Code as part of the reports to be submitted to the shareholders or members of the organization.

As part of the annual meetings required under provisions of Sections 29.140 and 34.100 of the Puerto Rico Insurance Code, officers of insurers are currently submitting business reports to the shareholders or members of the organization that normally includes information shown in the Annual Report. These reports are presented in accordance to the statutory accounting principles (STAT) provided by the National Association of

Insurance Commissioners (NAIC), which emphasize the

financial situation of the organization, focusing on the solvency of the insurer and their capacity to meet its obligations. As this information is prepared based on principles other than the generally accepted accounting principles (GAAP) used in financial statements, it will be helpful to shareholders and members of the organizations to understand regulatory actions that may affect them. With this Ruling Letter, the OCI is formalizing this process by establishing standard requirements in the submission of said information.



**Contact us**  
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**December 15, 2015**

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The OCI will consider that a report submitted to the shareholders or members to be in compliance with the Ruling Letter if the report includes elements of the Annual Report that has been filed or will be filed with the OCI and contains at least the following parts of the report:

- a. Comparative Financial Statements
- b. Comparative Statement of Income and Expenses
- c. Cash Flow Statement
- d. Capital Statement
- e. Compliance with Risk-based Capital, under Chapter 45 of the Insurance Code



If the summary of the Annual Report that is provided does not misrepresent or modify any of the items of the Annual Report that has been filed and will be filed with the OCI, it will be considered that the Ruling Letter has been complied with, in terms of facilitating the submission and interpretation of the report. Amendments to the Annual Report made in due course after the annual shareholders' or members' meeting will not be considered to be a failure of compliance with the Letter.

**If you need assistance on this matter, call us to make an appointment with one of our experienced advisors. We will be glad to assist you.**

The provisions of this Rule are enforceable with regard to the Annual Report for the calendar year 2015, to be submitted to the shareholders or members in the annual meetings during the 2016 calendar year and subsequent years.

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