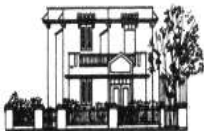


Puerto Rico Offshore Insurance Center



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Agenda



☞ Review of Puerto Rico International Insurance Legislation

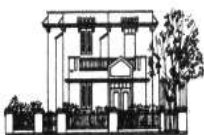
☞ What do we offer?

☞ Where are we?

☞ Evaluation

☞ Organization Structures of Interest

☞ Q & A



Puerto Rico Insurance Regulatory Environment

- ☞ Puerto Rico is an accredited member of the NAIC
 - ☞ PR insurers have privileged access to other US jurisdictions – not available to non-US insurers
- ☞ Puerto Rico is Member of ASSAL (Asociación de Superintendentes de Seguro de América Latina)
- ☞ NAIC-ASSAL Liaison

Puerto Rico International Insurance Legislation

- ✧ Acts 399 and 400 of 2004, amended 2009, 2011
- ✧ Creates Legal structure for the organization and regulation of international insurers and reinsurers
- ✧ Permits favorable tax treatment for offshore insurance operations

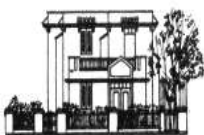
Structure of Legislation Segregated Assets/Protected Cells



Protected Cells Permitted

Separate from general account and other separate accounts

Accounting and insolvency separation



Structure of Legislation

Taxation



❧ Favorable tax treatment for insurer & insurance holding company

❧ Insurer

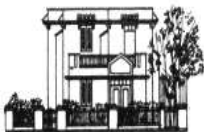
❧ 4% tax on Net Income over \$1.2 million

❧ Income below that amount is fully exempt

❧ Each protected cell also taxed at 4% on Net Income over \$1.2 million.

❧ Holding company is tax exempt

❧ 15 year tax exemption decree



Structure of Legislation

Rules



☞ Rule No. 80

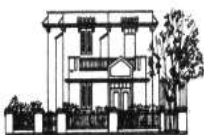
☞ Rule Governing The Operations Of International Insurers and Reinsurers

☞ Rule No. 81

☞ Rule Governing The Operations of International Insurers Authorized To Operate Protected Cells

☞ Rule No. 82

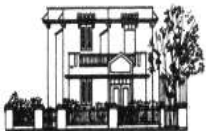
☞ Rule Governing The Operations of International Insurer's Holding Companies



What do we offer

FINANCIAL SECTOR

SERVICES



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Puerto Rico's 20,000 direct jobs in Puerto Rico Insurance Industry

- ☞ Underwriters
- ☞ Producers
- ☞ Adjusters
- ☞ Management + finance

☞ Insurance Industry Support Sectors

Certified
Accountants
≈ 4,800

Attorneys
≈ 15,133

Academy of
Actuaries
≈ 30



Where are we?

Experience to Date



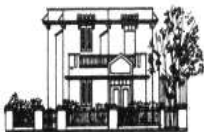
- ☞ Tested Application and Authorization Process
- ☞ Full support by The Department of Economic Development of Puerto Rico
- ☞ Timing, Art. 61.050 (5) Insurance Code establish 60 Days for a Decision, down to 9 days by experience

Where are we?

IIC-Status



- ❧ Spencer, I.I.; Class 3 with a Protected Cell Plan
- ❧ AIG Latin America II; Class 3, 5
- ❧ Syndicate Re, A.I.; Class 3
- ❧ Consero, A.I.; Class 1
- ❧ U.S. Commonwealth Life, A.I.; Class 5, with a Segregated Assets Plan
- ❧ Sound Commercial Insurance Corporation, I.I.; Class 1
- ❧ Ashley Cooper Life International Insurer SPC; Class 5 with a Segregated Assets Plan
- ❧ Whitestar International Insurer; Class 3 with a Protected Cell Plan
- ❧ Americas Indemnity Services, I.I.; Class 1

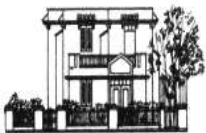


Evaluation



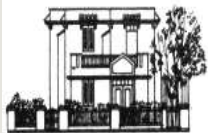
☞ Promotion

☞ Services



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Promotion



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Services



Financial Services

- Banking

- Investment banking

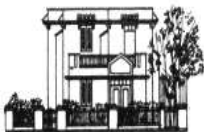
Professional Services

- Regulatory deficiencies

- Shortcomings

Insurance Professionals

- Broker designed solutions



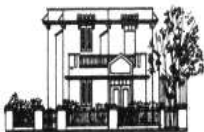
What we have to do



❧ Promotion

❧ Promotion

❧ Promotion



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Cross Sector Promotion



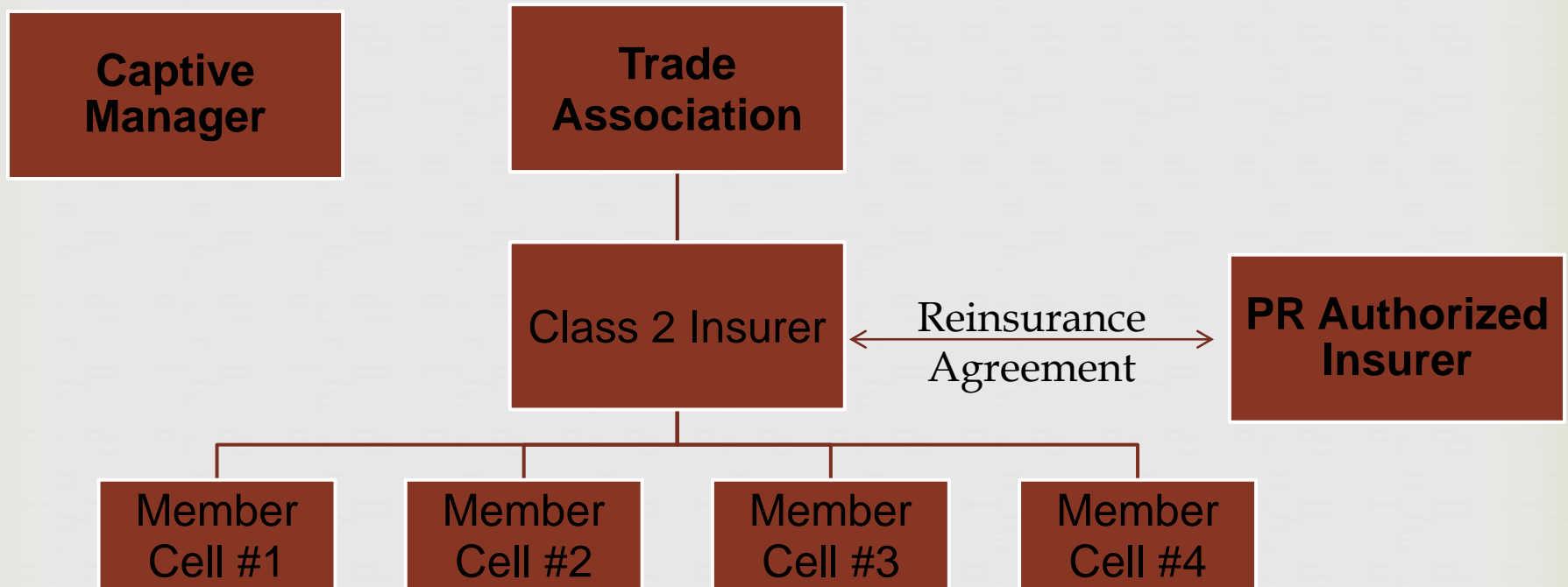
Structures of Interest



- ❧ Class 2 for PR trade association
- ❧ Class 3 clients solutions
- ❧ Class 3 “Paulson play”

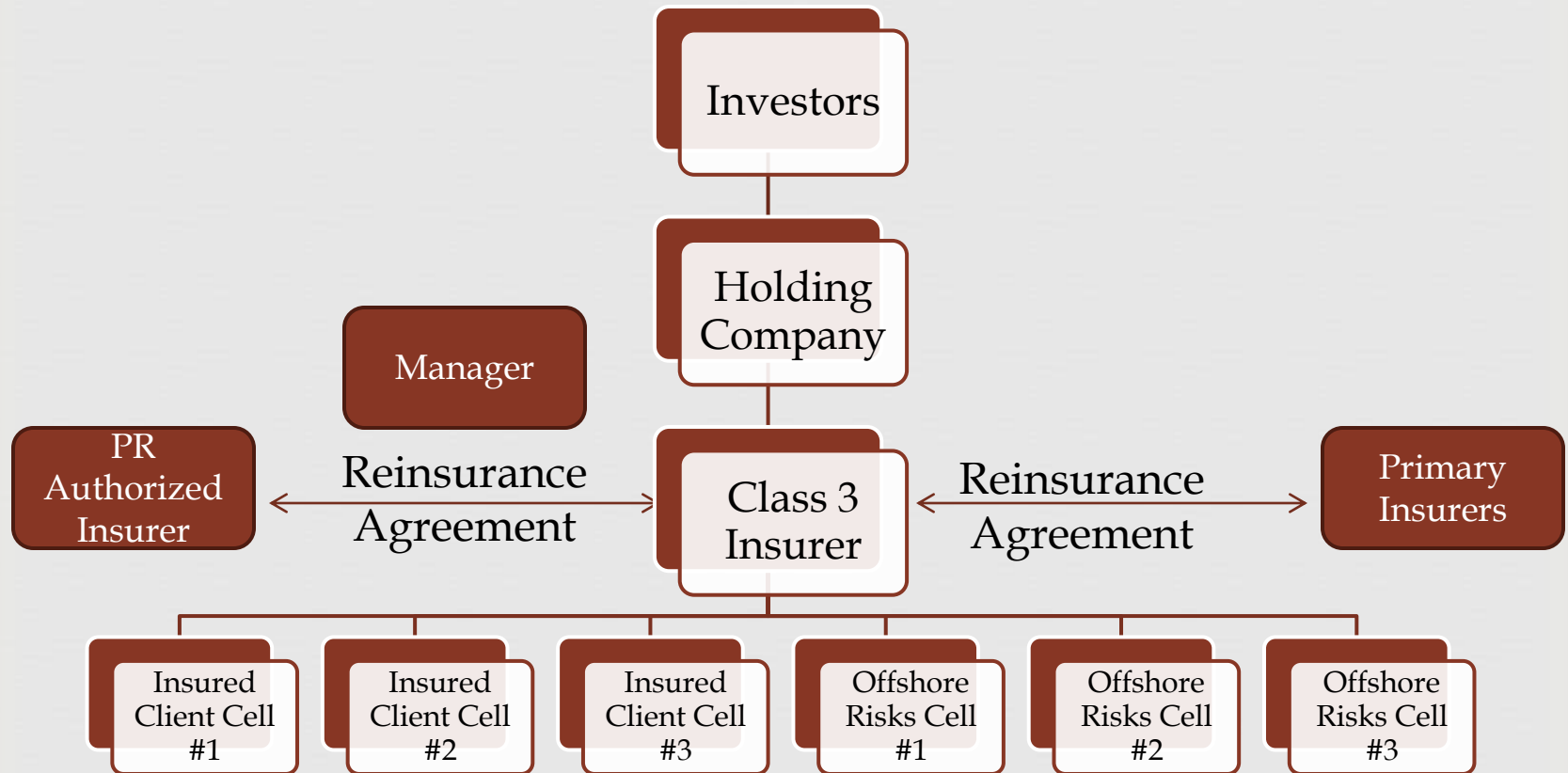
Structures of Interest

Trade Association



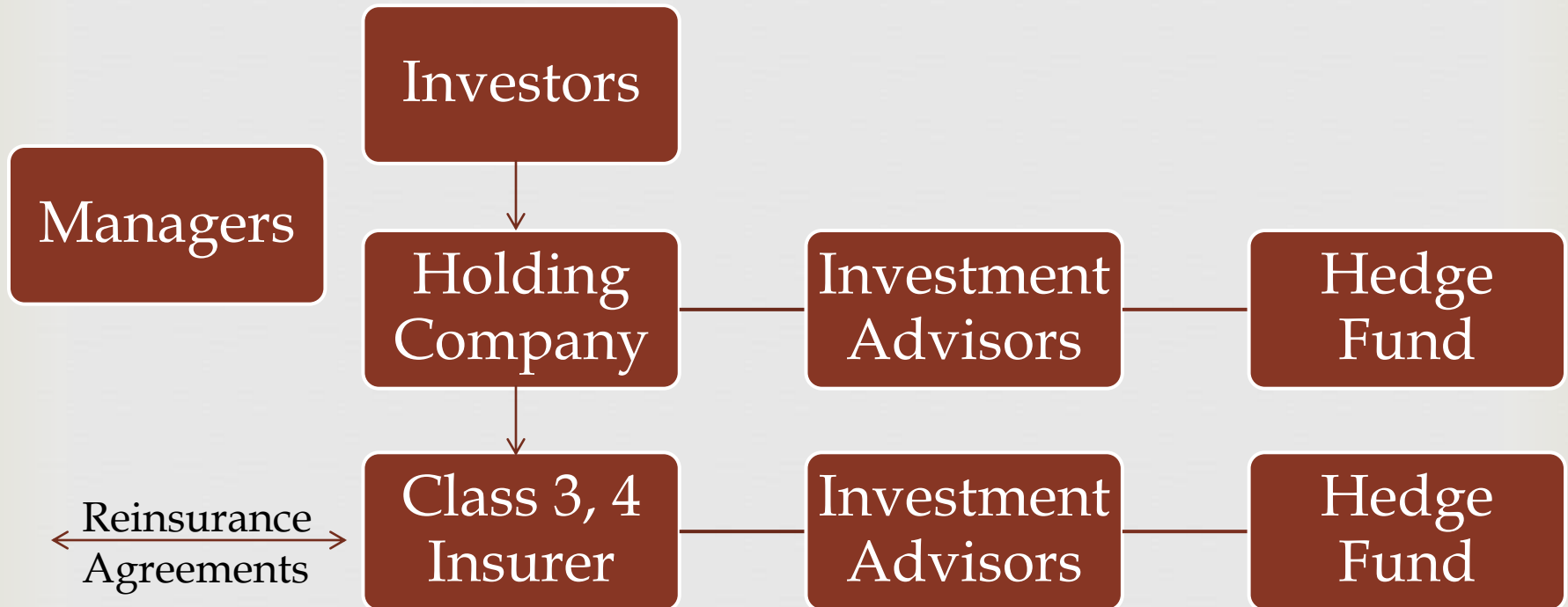
Structures of Interest

Broker Designed Solution



Structures of Interest

“Paulson Play”

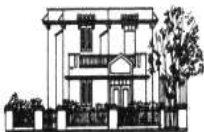


Puerto Rico Offshore Insurance Center

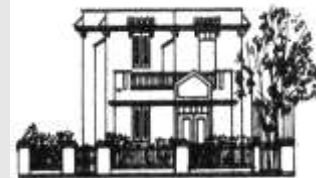
Questions & Answers



Thank You



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