

# The Bridge Just Got Wider

## Act 130 and the Future of Puerto Rico International Insurance



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# Two Friends and a Handshake

*Mississippi, 1987.*



**1987**

one handshake

**$2M → $200M+**

AmFirst revenue

**50 states**

plus Latin America

**39 years**

finding overlooked markets

# The Road to Purpose Place



**1982** — $6M of debt

**1987** — The handshake

**1999** — Sold. Bought back.

**2000** — AmFirst is born

**2018** — Purpose Place

*"Lynn gave me one year to make insurance work."*

# What It Takes to Be Multistate

*Two “small” domiciles. One big rulebook.*



**47**

states + D.C., PR, BVI

**AmFirst Insurance Co.**

Oklahoma · AM Best A-

**21**

states and growing

**AmFirst Specialty**

Mississippi · P&C programs

**LatAm**

and the Caribbean

**AmFirst Life Insurance Company I.I.**

Cross-border benefits

- NAIC statements
- Risk-Based Capital
- ORSA
- Guaranty funds
- Exams & audits

# An Operator's View

*Not a legal briefing. The view from inside a Puerto Rico International Insurer.*



## 2018

Bermuda → Puerto Rico

**BEFORE 2018**

Bermuda: a premier domicile

**2018**

Puerto Rico: lower cost, U.S. jurisdiction, an experienced regulator

**TODAY**

**Act 130: a possible next chapter**

# The Core Message



## Chapter 61 + M Class

International Insurer, as before

3-M, 4-M, 5-M Multistate

**Trade-off**

**Act 130 expands choice.**

**Broader recognition. Greater regulation.**

# Why Puerto Rico in 2018

*Bermuda is a premier domicile. Puerto Rico was the more practical fit for us.*



### U.S. jurisdiction

Familiar U.S. legal and banking environment

### Global flexibility

An international insurance and reinsurance platform

### Experienced regulator

OCS understands the IIC and Chapter 61

### Tax and cost

More economical than Bermuda, for us

# The Problem Act 130 Solves

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## Strong is not enough

U.S. regulators, brokers, rating agencies and counterparties need comfort.

*“The issue is not weakness. The issue is recognition.”*

**Act 130 closes the recognition gap.**

# The Competitive Context

*Bermuda, Cayman and NAIC recognition. Puerto Rico is not in a vacuum.*



BERMUDA

## Recognized

NAIC Qualified Jurisdiction, for specified classes

CAYMAN ISLANDS

## Pursuing

NAIC review opened, 2026 comment period

PUERTO RICO

## Responding

Act 130 and the M Class

# What Act 130 Creates

*Three Multistate International Insurer subclasses, built on existing authority.*



| | |
|---|---|
| **Class 3**<br>P&C | **3-M** |
| **Class 4**<br>Unrestricted P&C | **4-M** |
| **Class 5**<br>Life & disability | **5-M** |

**The common purpose**

**Align multistate operations with NAIC financial-solvency standards.**

- **Purely international?** Chapter 61 may still be sufficient.
- **Multistate ambitions?** Act 130 is the more direct framework.

# What It Makes Available

*A Puerto Rico Multistate International Insurer may be:*



1. Licensed in at least one state
2. Operating in a state, with PR authority
3. An accredited or certified reinsurer
4. Reinsuring risks in at least one state
5. A surplus-lines insurer, where eligible

## Where permitted by the applicable jurisdiction

**Act 130 does not:**

- Authorize writing everywhere
- Override state licensing laws
- Eliminate state approvals

# The Strategic Advantages

*Best fit: capital, governance, discipline and a clear U.S. multistate plan.*



## Broader market access

Admitted, reinsurance, surplus lines, fronting

## Puerto Rico keeps its benefits

Builds on the International Insurance Center

## Greater credibility

Built around NAIC solvency standards

## One strategic platform

Puerto Rico as the principal domicile

# Act 130 Is Not Free

*The cost of becoming more conventional: more regulation for broader recognition.*



## Expect to be regulated like a multistate U.S. insurer:

- Financial reporting
- Actuarial work
- Supplements
- Governance
- Risk management
- Documentation
- Regulator interaction
- Guaranty associations
- State filings and rules

**A strategic decision, not a paperwork decision.**

Does the added cost buy market access, rating-agency comfort or counterparty confidence?

# GAAP vs. Statutory

*Same company, two lenses. States license you on STAT.*



| | STATUTORY<br>*Can you pay claims?* | GAAP<br>*Are you profitable?* |
|---|---|---|
| **Focus** | **Solvency · Balance sheet** | Profit · Income statement |
| **Assets** | **Non-admitted assets excluded** | Every asset counts |
| **Commissions** | **Expensed when paid** | Capitalized and amortized (DAC) |
| **Bonds** | **Amortized cost** | Market value |
| **Capital test** | **Risk-Based Capital** | No equivalent |

# Who Should Consider 5-M

*Not "Can we convert?" but "Does conversion support the business plan?"*



## Consider it if you have

- A national or multistate plan
- Admitted or reinsurer goals
- An AM Best rating ambition
- A need for U.S. recognition

## You may not need it if

- Business is international-only
- Chapter 61 already fits
- No near-term U.S. plan
- Not ready for the added cost

# Case Study: 2018 to Act 130



**2018**
Flexibility, credibility and cost

**Today**
Act 130 changes the conversation

**Ask**
Will we need multistate recognition?

**If no**
The traditional model may still be best

**If yes**
Build 5-M readiness from the start

*"Act 130 changes not just what a company can do today, but what it can plan to become."*

# An Invitation to Think Bigger

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## Chapter 61

Exactly right for some

## Act 130

The bridge for others

**Nationally recognized**

**Cost matters. Long-term success requires more:**
**Credibility. Capital. Ratings. Confidence.**

# The Law Alone Will Not Do It

*A serious domicile for financially strong insurers, in the U.S. and internationally.*



**COMPANIES**

## Use it responsibly

**REGULATORS**

## Administer it effectively

**BOARDS**

## Govern seriously

**INSURERS**

## Prove their strength



# Muchas gracias, Puerto Rico.

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