

PUERTO RICO

FINANCIAL SERVICES

REVIEW

2025-2026



PUERTO RICO

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Dear PRIIA and PRIBA Members and Friends,

As we present the 2025–2026 edition of the Puerto Rico Financial Services Review, we do so at a pivotal moment for Puerto Rico's international insurance and banking sectors. This year we've experienced significant developments within the NAIC regarding how international insurers assume and manage risks in the United States, creating new expectations and opportunities for jurisdictions like Puerto Rico.

The Island is well positioned to meet this moment. Our jurisdiction continues to demonstrate that it can serve as a reliable, innovative, and resilient platform where technology, capital, and global business models converge. Far from being an outlier, the arrival of new market participants underscores Puerto Rico's validation as a trusted hub for international insurers and banks seeking growth and diversification.

International banks, too, remain central to Puerto Rico's value proposition. In 2025, local regulators announced an overhaul of the island's financial regulatory framework, extending from traditional banking to international financial entities, as well as to fintech and emerging financial models. These reforms aim to clarify oversight, enhance transparency, and reinforce confidence in Puerto Rico's financial ecosystem.

As we welcome a new Insurance Commissioner, PRIIA is committed to serving as a constructive and conciliatory voice — bridging the regulator's mission with the industry's realities. We believe in open dialogue grounded in deep understanding, supporting the regulatory process while ensuring Puerto Rico's continued competitiveness as an international financial center.

Within this Review, you will find thoughtful contributions that address these shifts head-on: from the implications of U.S. regulatory changes, to advances in compliance and governance, to the growing influence of insurtech, digital banking, and hybrid financial models. Together, they demonstrate Puerto Rico's ability not only to adapt to change but also to lead in select strategic areas.

Looking ahead, our compass remains set on excellence in regulation, responsible innovation, and growth with integrity. The collaboration between PRIIA, PRIBA, and our regulatory partners will be essential to ensuring Puerto Rico's continued success as a premier jurisdiction for international insurers and banks.

We face this new chapter with optimism grounded in realism — ready to transform challenges into opportunities, and to deliver lasting value for our members and for Puerto Rico.

Sincerely




Ruben A. Gely-Ortiz is the President of International Insurers Consulting Group (IICG), and Vice President for the Puerto Rico International Insurers Association (PRIIA). He specializes in off-shore protected cell business and international reinsurance arrangements.

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THE ROLE OF FINANCIAL ENTITIES IN HELPING SHAPE PUERTO RICO'S REGULATORY LANDSCAPE



By: **Martín Pirillo, Esq.; Omara Méndez, Esq.;**
Yanixia Rodríguez | Pirillo Law LLC

Pirillo Law LLC is a full-service boutique law firm that offers legal and regulatory services specialized in the financial industry to banking institutions, international financial entities, investment funds, and insurance-related companies.

From the banking industry to capital markets, regulation and supervision are key factors for financial services' stability, transparency, and consumer protection. According to the "Introduction to Financial Services: The Regulatory Framework" report by the U.S. Congressional Research Service, updated as of January 13, 2025, "[f]inancial regulation aims to achieve diverse goals, which vary from regulator to regulator: market efficiency and integrity, consumer and investor protections, capital formation or access to credit, taxpayer protection, illicit activity prevention, and financial stability.

Different types of regulation – prudential (safety and soundness), disclosure, standard setting, competition, and price and rate regulations – are used to achieve these goals." The cited report explains that financial activity is

inherently risky, but without risk-taking, businesses could not expand or innovate, and therefore financial regulation aims to balance benefits and risks.

It follows from this backdrop that overly restrictive or ambiguous regulations and interpretations can stifle business growth by adding significant burdens and costs, discouraging innovation, and bringing about uncertainty for financial institutions and their team of advisors. This creates an environment where legitimate financial businesses struggle, resulting in a downturn in this important sector. These tensions are not unique to Puerto Rico; it is a worldwide challenge that requires a balancing act and a collaborative approach.

Participating in the rule-making process is important because regulato-

ry agencies can gain much from the industry's diverse experience and information. This has been recognized in the Uniform Administrative Procedures Act of Puerto Rico, which requires regulatory agencies to publish a notice of their proposed regulations and take into consideration public participation and comments.

Puerto Rico's financial regulatory body, the Office of the Commissioner of Financial Institutions (OCIF for its Spanish acronym), is currently in the process of revising regulations under Act 273 of September 25, 2012, governing International Financial Entities (IFE) and Act No. 52 of August 11, 1989, as amended, governing International Banking Entities (IBE). Considering the potential impact of these regulatory changes, IFEs and IBEs must understand the proposed regulations and actively engage in the commenting





process to share valuable information and simultaneously foster discussions with OCIF. Doing so will allow their input to influence and help shape final regulations that can ultimately balance compliance and sustainable economic growth.

THE IMPORTANCE OF REGULATORY PARTICIPATION

International financial institutions such as IFEs and IBEs operating in Puerto Rico need to recognize the importance of actively engaging with OCIF during the regulatory review process. OCIF should also facilitate such participation by promoting active engagement, thereby offering a path for IFEs and IBEs to help shape regulations that are effective, practical, and aligned with regulatory expectations. Participation in the rule-making process is of utmost importance for the following reasons:

1. Influencing Policy Development

By participating in public comment periods, roundtable discussions, and

other forums, IFEs and IBEs can relay key insights to OCIF on their day-to-day operations and how OCIF's proposed rules could impact their business models and operational frameworks. This exchange of information can help align regulation with industry advancement.

A clear example of this approach is seen in the call for industry feedback regarding cryptocurrency regulation by U.S. Securities Exchange Commission's (SEC) Commissioner Hester M. Peirce. On February 21, 2025, Commissioner Pierce published an open request for comments from the public, asking them to share how they use crypto, what aspects of the industry require regulatory oversight, and whether existing rules were too restrictive. Such open dialogue allows market participants to influence the SEC's decision-making process, ensuring that regulations are developed with industry considerations in mind.

Upon the upcoming publication of proposed regulations by OCIF, we encourage IFEs and IBEs to engage in sharing their perspectives and sup-

port a well-informed and transformational regulatory landscape.

2. Ensuring Practical Compliance

Active engagement by financial institutions with regulators can result in the development of a clearer compliance framework that is feasible; thereby positioning institutions to be compliant while also advancing their industry-consistent interests. Regulations that are too complex or costly to implement can add undue burdens on the institutions, potentially discouraging investment and limiting economic growth.

During their participation in the regulatory process, IFEs and IBEs should be able to highlight practical challenges that proposed rules may pose to their practice and the difficulties in their implementation. Likewise, OCIF should be able to refine and adjust regulations in light of the circumstances, to prevent imposing unjustified regulatory requirements. This engagement promotes a cooperative relationship between regulators and the regulated

entities whereby compliance requirements are both meaningful and effective in achieving regulatory objectives.

3. Fostering Mutual Understanding

Extensive opportunities exist for both the regulator and the financial institutions to engage proactively in all stages of the regulatory process. Participation cannot be limited to simply providing or facilitating information, but rule-making should be a deliberative decision-making process, seeking out and analyzing the perspectives of stakeholders, striving to find consensus among the regulated interests. By engaging with OCIF and maintaining an open line of communication, IFEs and IBEs can contribute to a more predictable and transparent regulatory regime and keep lines of communication open. Encouraging regulators to provide clearer guidelines and consistent interpretations of the law will foster a better environment in which financial institutions can operate with greater certainty.

RECOMMENDATIONS FOR IFES AND IBES

Given the evolving regulatory landscape both in Puerto Rico and globally, IFEs and IBEs must take proactive steps in shaping the policies that will govern their operations. The following recommendations can help financial institutions navigate and influence the regulatory process effectively:

- **Stay Informed:** Regularly monitor OCIF announcements through Circular Letters, OCIF's website, and public consultation periods. Awareness of upcoming regulatory changes is essential for timely and effective participation for both parties.
- **Provide Constructive Feedback:** Participate in public comment periods on proposed regulations, submit formal responses to proposed regulations, and engage in industry forums. In the regulatory process, data-driven and operational knowledge-based constructive feedback is invaluable.
- **Collaborate with Industry Associations:** Organizations like the Puerto

Rico International Banks Association serve as valuable platforms for collective advocacy. IFEs and IBEs can have a greater impact and strengthen their influence with unified industry positions.

- **Leverage Legal Expertise:** Work closely with legal professionals to comprehend the ramifications of

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OF FULL COMPLIANCE.

proposed regulations and develop sound arguments in favor of regulatory changes. Legal experts can advocate for fair treatment from regulators while navigating the complexities of compliance.

POST-DATA: A WORD ABOUT SANDBOXES IN PUERTO RICO

One approach that has gained traction in various jurisdictions, including the United States, is the use of regulatory sandboxes. These regulatory sandbox environments allow financial institutions to test new products, services, or business models under a "regulatory-lite" framework before full compliance is required.

Regulatory sandboxes provide a balanced approach to innovation and consumer protection by providing a controlled testing environment with-

out the immediate burden of full compliance. They also allow regulators to understand emerging financial technologies in a live setting, allowing them to assess risk more accurately. Regulators can observe the real-world impact of new financial innovations, allowing them to create informed policies that address assessed potential risks without stifling progress.

Even further, a well-designed regulatory sandbox can make Puerto Rico an attractive destination for fintech startups and international financial institutions seeking a flexible regulatory environment. A balance between oversight and growth can go a long way for Puerto Rico's economy.

Deployed within the context of Act 273-2012 and Act 52-1989, the sandbox model would afford IFEs and IBEs a structured setting for testing innovative financial services, technologies, digital banking solutions, and other unconventional products.

FINAL THOUGHTS

A culture of collaboration between regulators and financial institutions affords mutual benefits. In Puerto Rico, where regulatory uncertainty has posed challenges for IFEs and IBEs, industry participation in the rule-making process is more important than ever.

The primary goal of financial regulation includes ensuring that financial practices are sound and secure while also enabling banking accessibility. IFEs, IBEs and OCIF should incentivize spaces for open dialogue and take a proactive approach to cohesively work toward a better balance of benefits and risks. Thus, the time to actively engage is now, understanding that IFEs and IBEs can help shape a regulatory framework that fosters compliance, innovation, and economic growth for Puerto Rico.

For more information about this article feel free to contact Martín Pirillo, Omara Méndez or Yanixia Rodríguez at info@pirillolaw.com. Pirillo Law LLC is located at 1550 Ponce de León Avenue 5th Floor, San Juan, PR.

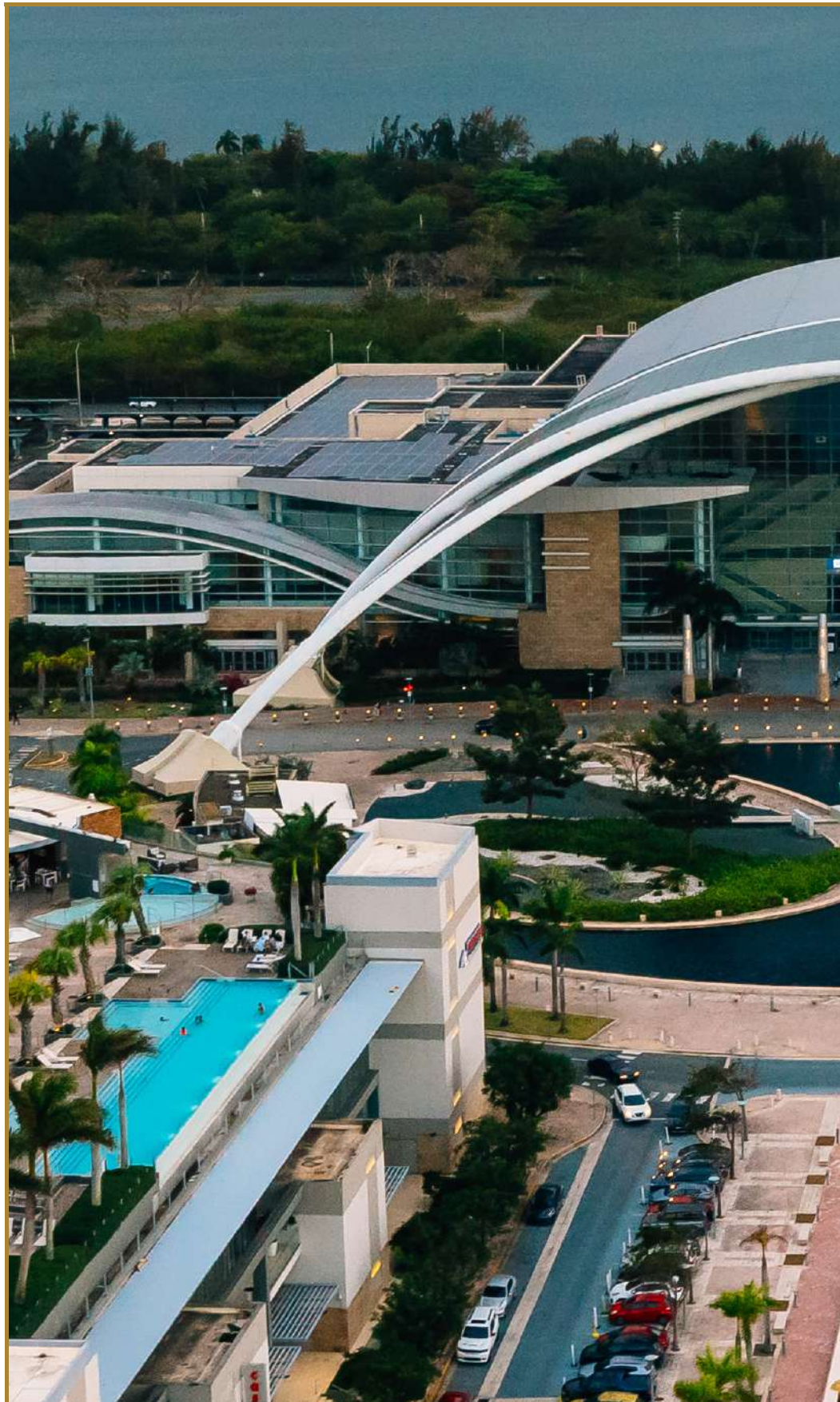
With a strong regulatory framework, impactful tax incentives, and a growing fintech ecosystem, Puerto Rico is emerging as a premier destination in the U.S. for financial services and investment. Puerto Rico has firmly established itself as a key player in the global financial landscape, serving as a hub for banking, insurance, fintech, and international financial services. Contributing 21% of Puerto Rico's GDP, the sector is a critical driver of economic expansion, attracting many insurers, banks, and financial technology firms seeking a stable, U.S.-regulated jurisdiction with competitive investment incentives.

The sector's growth and potential are reflected in a 28% increase in total consolidated assets in 2023, adding \$38 billion, demonstrating continued confidence in Puerto Rico's financial ecosystem. With a bilingual workforce of more than 40,000 professionals, Puerto Rico presents an attractive destination for global investors looking for security, efficiency, and access to North and Latin American markets.

A Growing Insurance Market with Global Reach

Puerto Rico has become one of the most competitive insurance markets in Latin America and the Caribbean, attracting domestic and international insurers. The International Insurance Center has strengthened the island's position as a reinsurance hub, offering a business-friendly regulatory framework that observes U.S. financial standards.

According to the most recent data from the Office of the Commissioner of Insurance, the island hosts 316 domestic insurance companies, 34 international insurers, and 516 protected cells, which are expanding as cost-effective risk management solutions. The protected cell captives sector alone generated an estimated \$332 million in written premiums. In comparison, the combined net written premium across Puerto Rico's insurance market exceeded \$12 billion, making it one of the largest domiciles in the region.





PUERTO RICO'S FINANCIAL SECTOR: A STRATEGIC HUB FOR INVESTMENT AND INNOVATION

By: **Invest Puerto Rico**

Invest Puerto Rico promotes the island as a competitive investment jurisdiction to attract new business and capital investment to the island.

These developments reinforce Puerto Rico's growing role in reinsurance and captive insurance as companies leverage the island's regulatory clarity, operational efficiencies, and financial incentives to strengthen their global presence. With increasing regulatory pressures and evolving risk landscapes across international markets, Puerto Rico's insurance ecosystem is a preferred jurisdiction for insurers seeking adaptability and innovation.

The flexibility offered by captive insurance structures and reinsurance solutions allows businesses to manage risks efficiently while benefiting from a secure, U.S.-regulated environment. As the global economy becomes more interconnected, Puerto Rico's insurance sector is poised to expand further, attracting new entrants from emerging and established financial markets.

Financial Services Expansion and Investment Potential

Puerto Rico's banking sector is well-established, with 823 licensed financial institutions and 53 International Financial Entities (IFE)s managing \$2 billion in total assets. The island's status as a U.S. jurisdiction ensures full compliance with federal banking regulations, offering a secure environment for international banking operations. Tax incentives under Act 60 further enhance Puerto Rico's attractiveness for financial services firms. The 4% corporate tax rate, 100% exemption on dividends and capital gains, and reduced personal income tax rates for eligible investors and financial institutions provide a competitive advantage for banks, asset managers, and private equity firms looking to expand into North and Latin American markets. The offshore banking sector is also experiencing steady growth as institutions take advantage of Puerto Rico's legal stability and geographic accessibility to serve clients across multiple jurisdictions.

Puerto Rico's financial regulatory framework is continuously evolving to accommodate the rise of digital banking and asset management, making it an attractive destination for institu-

tional investors and financial services firms looking for long-term security and profitability. This regulatory adaptability and Puerto Rico's connectivity to global markets have positioned the island as a hub for alternative investment strategies, cross-border financial services, and wealth management firms seeking expansion in the U.S. and Latin America.

THE ISLAND HOSTS 316
DOMESTIC INSURANCE
COMPANIES, 34
INTERNATIONAL
INSURERS, AND 516
PROTECTED CELLS.

THE COMBINED NET
WRITTEN PREMIUM
ACROSS PUERTO RICO'S
INSURANCE MARKET
EXCEEDED \$12 BILLION,
MAKING IT ONE OF THE
LARGEST DOMICILES IN
THE REGION.

Technology and Digital Transformation in Banking and Insurance

Puerto Rico's fintech sector is scaling rapidly, reshaping banking, payments, and credit solutions through AI, blockchain, and digital banking models. The shift toward technology-driven financial services creates new investment opportunities while expanding financial accessibility.

One of the most significant developments in this space is the launch of Nave Bank, Puerto Rico's first fully digital bank. This bank is pioneering a branchless, AI-powered banking

model. With the growing demand for mobile banking and automated financial services, Puerto Rico is aligning its banking industry with global fintech trends. Kiwi Financial is another key player in the island's digital finance expansion, which addresses underserved communities through AI-powered credit solutions.

Using alternative credit scoring models, Kiwi is improving financial inclusion in Puerto Rico. With over 30,000 active clients, the company is helping reshape the consumer lending market, following the success of similar fintech-driven models in Brazil's Nubank and India's Paytm.

Meanwhile, insurtech solutions are transforming Puerto Rico's insurance industry as AI-driven underwriting, claims automation, and fraud detection technologies enhance efficiency and risk assessment. Integrating blockchain-powered solutions in financial services is gaining momentum, particularly in digital asset custody, smart contracts, and decentralized finance (DeFi) applications.

As fintech and insurtech innovations drive modernization, Puerto Rico is becoming an investment destination for technology-driven financial firms seeking scalable, compliant, and cost-effective solutions.

Investment Outlook: A Financial Hub for the Future

Puerto Rico's financial services sector presents substantial investment opportunities across banking, insurance, fintech, and blockchain-driven finance. With rising foreign direct investment and technological advancements shaping the industry, the island offers a secure yet innovation-friendly jurisdiction for financial institutions.

The insurance sector, particularly in captive and reinsurance markets, is expected to remain a key driver of growth, while fintech and digital banking expansion will continue to modernize financial services. Adopting AI, machine learning, and blockchain applications further streamlines financial operations, creating new ef-

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ficiencies and reducing risk exposure.

As Puerto Rico deepens its financial ties with international markets, its role as a gateway for cross-border financial transactions will strengthen. This will allow financial firms to access emerging markets while operating within a stable U.S. jurisdiction.

The island's ongoing regulatory enhancements and technological advancements position it as a fu-

ture-proof destination for financial institutions looking to scale in a dynamic global economy.

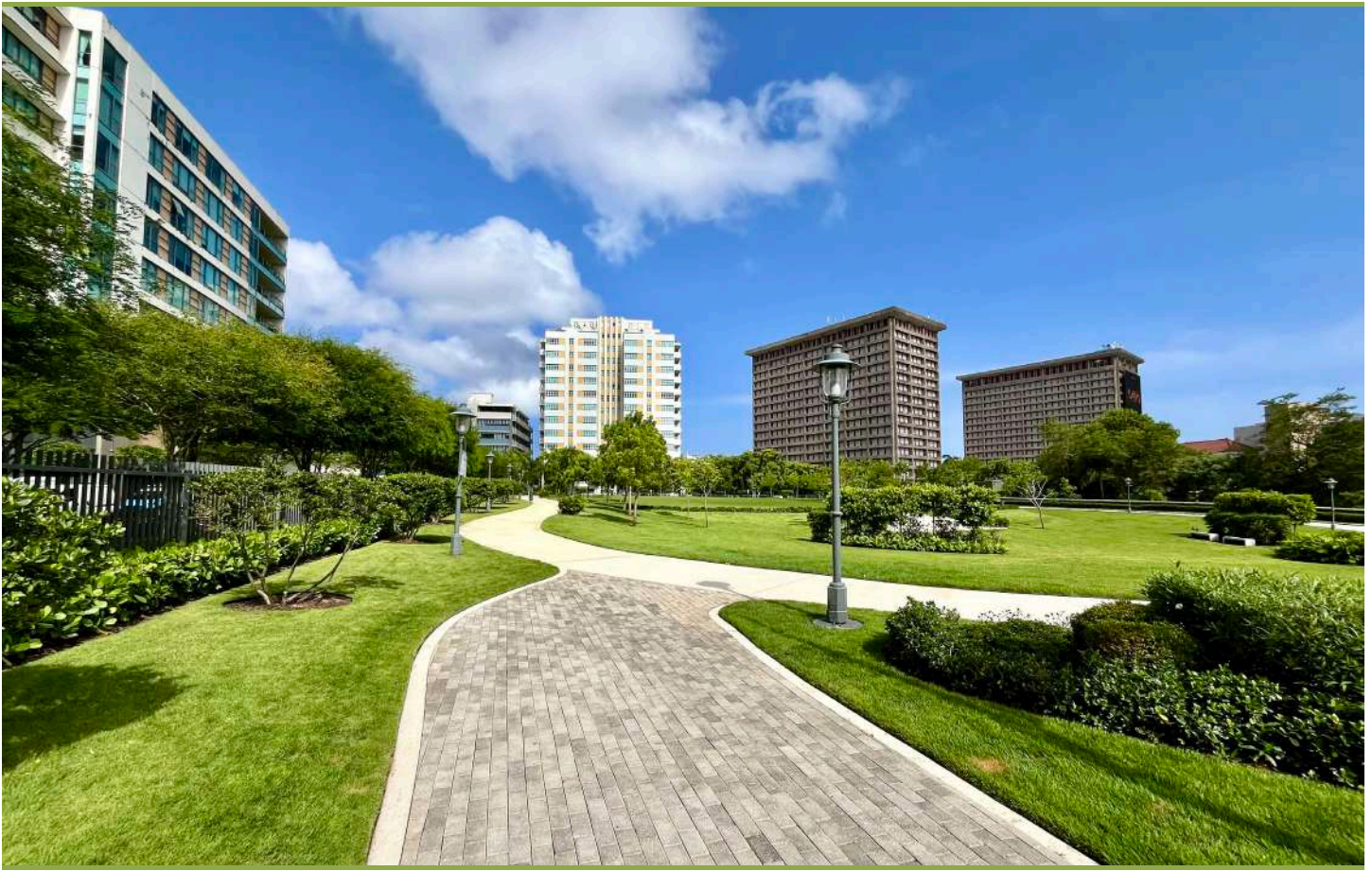
Puerto Rico's financial sector is transforming through expanding insurance markets, banking sector resilience, and fintech-driven innovation.

As financial technology reshapes the industry and new business models emerge, the island will become a regional leader in financial services, of-

fering a secure, scalable, and investment-friendly ecosystem. With its strong regulatory framework, increasing international financial activity, and growing digital infrastructure, Puerto Rico is a compelling strategic destination for investors and financial services firms looking to scale operations in a U.S.-regulated market.

For more information about this article feel free to contact the author at info@investpr.org





MULTINATIONAL INSURANCE SOLUTIONS: THE ROLE OF CAPTIVE INSURANCE

By: **Nathalie Acosta** | AIG Insurance Puerto Rico

Nathalie is the Network Partner Relationship Manager (LAC) at AIG Multinational.

In an increasingly interconnected world, multinational corporations face complex risks that require innovative and strategic insurance solutions. With operations spanning multiple jurisdictions, regulatory frameworks, and economic environments, managing risk effectively is paramount for global businesses. AIG Insurance Company - Puerto Rico stands at the forefront of multinational insurance, offering cutting-edge solutions that help businesses mitigate risks while ensuring compliance and financial security. One of the most

critical tools in this endeavor is captive insurance, a specialized risk management strategy that has gained prominence among multinational corporations.

UNDERSTANDING MULTINATIONAL INSURANCE NEEDS

Operating across multiple countries presents a myriad of challenges, including varying regulatory requirements, tax implications, and currency fluctuations. Traditional insurance

models may not always provide the flexibility and customization that global companies need. Multinational insurance solutions must align with local regulations while maintaining a global risk management strategy that optimizes coverage, minimizes costs, and enhances efficiency.

AIG's multinational insurance solutions are designed to address these challenges by offering tailored coverage that adapts to each company's unique needs. Through a combination of global expertise and local knowl-

edge, AIG helps businesses navigate regulatory landscapes while ensuring compliance and operational continuity. The company provides a range of multinational insurance products, including, but not limited to Property, General Liability, Cyber Risk, and Directors & Officers (D&O) Liability coverage, ensuring that businesses have the comprehensive protection they need to operate with confidence.

THE STRATEGIC ROLE OF CAPTIVE INSURANCE

Captive insurance is an increasingly popular strategy among multinational corporations looking to take control of their risk management. A captive is an insurance company that is wholly owned and controlled by its parent company, allowing businesses to self-insure against specific risks while benefiting from customized coverage, cost savings, and potential tax advantages.

BY LEVERAGING A CAPTIVE INSURANCE MODEL, MULTINATIONAL BUSINESSES CAN:

- **Enhance Risk Control:** Captives allow companies to design policies that align precisely with their risk profiles, offering a level of customization that traditional insurance providers may not be able to match.
- **Optimize Costs:** By self-insuring through a captive, businesses can reduce dependency on commercial insurers, leading to potential savings on premiums and administrative costs.
- **Improve Cash Flow Management:** Captives provide greater control over claims payments and reserves, allowing companies to optimize financial planning.
- **Increase Coverage Flexibility:** Multinational corporations often face unique risks that may not be adequately covered by traditional insurance. Captives enable businesses to fill these coverage gaps with bespoke policies.
- **Achieve Tax and Regulatory Benefits:** Depending on jurisdiction, captives can offer tax advantages and improved regulatory compliance, par-

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INSURANCE,
OFFERING
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REGULATORY
FRAMEWORK,
TAX ADVANTAGES,
AND AN IDEAL
LOCATION FOR
MULTINATIONAL
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SEEKING TO
ESTABLISH THEIR
CAPTIVES.

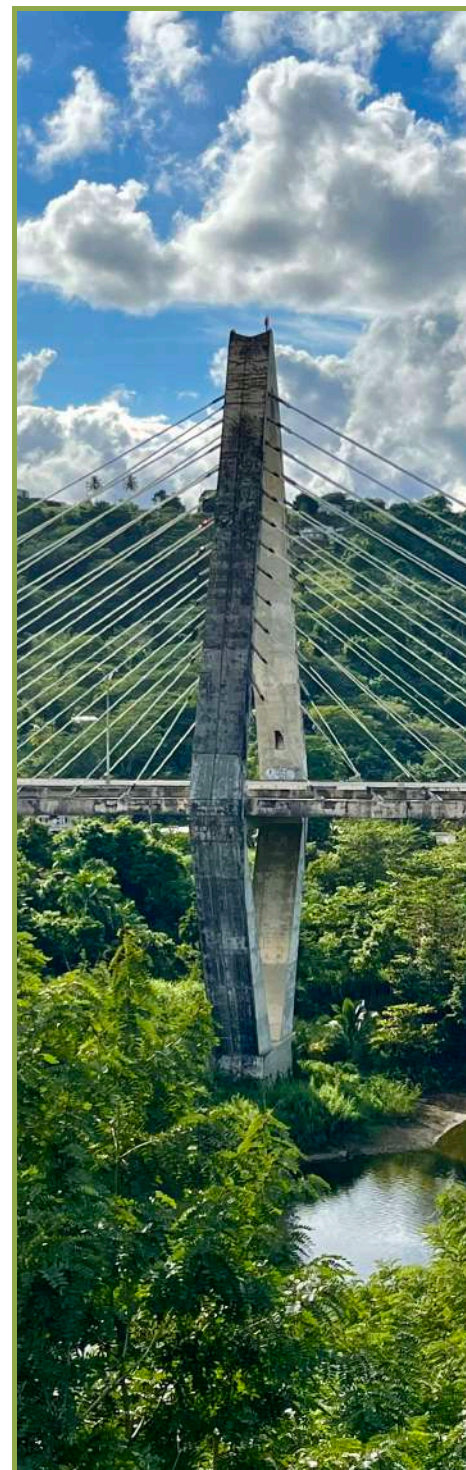
ticularly in well-established captive insurance domiciles like Puerto Rico.

THE FUTURE OF MULTINATIONAL AND CAPTIVE INSURANCE

As the global economy continues to evolve, multinational insurance solutions will play an increasingly critical role in corporate risk management. The adoption of captive insurance

strategies is expected to rise, driven by the need for greater financial control, customized coverage, and regulatory efficiency.

Puerto Rico stands out as a premier jurisdiction for captive insurance, offering a robust regulatory framework,





tax advantages, and an ideal location for multinational businesses seeking to establish their captives.

AIG remains dedicated to helping businesses leverage the full potential of captive insurance, ensuring that they have the right tools to manage risks effectively and sustain long-term success.

AIG MULTINATIONAL INSURANCE SOLUTIONS: FINDING THE RIGHT BALANCE

Multinational companies have different options to manage their global insurance needs. They can choose local policies in each country, ensuring compliance with regional regulations and facilitating claims processing. Alternatively, they may opt for a single global policy issued in their home country, which centralizes risk management and offers uniform coverage terms worldwide.

To combine the benefits of both approaches, AIG offers a Controlled Mas-

ter Program (CMP), which links local policies with a global policy that fills coverage gaps and extends protection to areas without local policies. This hybrid model ensures companies maintain regulatory compliance while optimizing coverage and cost efficiency.

While some multinationals may prefer relying solely on a global policy, AIG advises clients to consider potential limitations, such as compliance risks, tax implications, and proof of insurance requirements in certain jurisdic-

tions. AIG Multinational is committed to guiding businesses through the complexities of global insurance, offering customized solutions that align with their operational and financial strategies.

Whether through local policies, a global approach, or a tailored CMP, AIG provides expert support to ensure businesses effectively manage risk and protect their international operations.

AIG'S COMMITMENT TO MULTINATIONAL INSURANCE EXCELLENCE

AIG is committed to delivering high-quality multinational insurance solutions that empower businesses to take ownership of their risk management strategies. Our approach aligns with our core values:

- Taking Ownership: We establish clear expectations and take proactive steps

to ensure that businesses have the right coverage to protect their assets and operations.

- Setting the Standard: We consistently deliver quality and customer-focused solutions that help multinational corporations manage risk effectively.

CAPTIVE INSURANCE IS AN INCREASINGLY POPULAR STRATEGY AMONG MULTINATIONAL CORPORATIONS LOOKING TO TAKE CONTROL OF THEIR RISK MANAGEMENT.

- Proactive and Accountable Service: AIG leads the industry in providing in-

novative insurance solutions, ensuring that businesses receive comprehensive and reliable protection.

For over 50 years, AIG has provided a full range of market-leading fronting and captive services. We leverage a robust network of affiliate and partner operations to provide coverage in over 200 countries and jurisdictions.

This means clients receive flexible, cost-efficient coverage that complies with the requirements of local regulators and other counterparties. With AIG, businesses can predict, plan, and navigate a complex world while working to achieve their risk, governance, contract certainty, and duty of care objectives.

For more information about this article feel free to contact Nathalie Acosta, at nathalie.acosta@aig.com. AIG Puerto Rico is located at 250 Ave. Luis Muñoz Rivera San Juan, PR.



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A TALE OF TWO ISLANDS: BERMUDA AND PUERTO RICO

By: **Javier Inclán** | Rexach & Picó, LLC

Javier is an attorney at Rexach & Picó with considerable professional experience in both the public and private sectors. He served as advisor to the Secretary of State of Puerto Rico in European and Eastern Caribbean Affairs.

One thousand miles north of Puerto Rico into the Atlantic Ocean lies an archipelago of islands not so different in many ways from our own Caribbean archipelago. Although it can be characterized as small in geographic size, with roughly twenty-one square miles of dry land and a population of less than one hundred thousand persons, this place is undoubtedly a top-tier player in the global financial landscape. We are of course referring to Bermuda, which arguably nestles this hemisphere's most important reinsurance center.

Similarities between Puerto Rico and Bermuda abound. Bermuda is a British Overseas Territory under the United Kingdom; Puerto Rico is an unincorporated territory of the United States. Both have their own forms of

limited self-government that allows them to offer more competitive tax rates than those of their respective overseers. Bermuda's legal system operates under a British common law system; Puerto Rico follows a hybrid one, based on Spanish civil law with influences from the U.S. federal law. Both also have a strong framework to offer competitive advantages to cradle a boastful financial services sector, particularly in the insurance and reinsurance sectors. However, there is a striking difference between Puerto Rico and Bermuda in terms of where they are positioned at the world's stage in the insurance and reinsurance markets.

While Bermuda is a settled cornerstone of insurance and reinsurance markets at a global level, with strong influence across key sectors such as

property and casualty reinsurance, captive insurance and other specialty insurance markets, Puerto Rico's international insurance and reinsurance sector is still in a phase of growth, witnessing a steady expansion with great potential to continue in this trajectory. The Bermuda Monetary Authority's (BMA) evidently successful track record can serve as blueprint for the Office of the Insurance Commissioner of Puerto Rico (OIC) to maintain a consistent development of the Puerto Rico International Insurance and Reinsurance Center.

Alongside London and Zurich, Bermuda is considered one of the three major reinsurance hubs in the world. Bermuda houses over 30% of the world's property and casualty reinsurance for risks in more than 150 countries, including over 50% of the U.S. mortgage

reinsurance, and is one of the largest captive insurance domiciles in the world. Additionally, Bermuda is the leading market for insurance-linked securities, listing approximately 92% of the global catastrophe bond market. According to the BMA, in 2023 Bermuda had over 1,200 registered insurers that underwrote more than \$277 billion gross premiums and had assets under management exceeding \$1.3 trillion. By contrast, the OIC indicates that during that same year, there were 33 Puerto Rico international insurers and reinsurers, who underwrote \$1.3 billion in premiums and had \$10.4 billion of assets under management.

A combination of tax and regulatory advantages, coupled with rising global demand for reinsurance, helped Bermuda evolve into the insurance and reinsurance powerhouse that it is today. An important factor in its success has been its regulator's proactive mindset and ability to balance a business-friendly environment with strict regulation standards. The BMA is widely recognized in the insurance and reinsurance sector and its credibility in global markets has allowed Bermuda to be considered a qualified jurisdiction by the National Association of Insurance Commissioners (NAIC), which means that its reinsurers can operate in the U.S. without needing to post additional collateral. This reputation has also allowed it to obtain equivalency under Solvency II, permitting its reinsurers to operate in Europe without needing additional capital requirements.

During the 1970's and 1980's, Bermuda was considered the premier destination to establish captive insurers. After several important legal advancements and a rise in reinsurance demand due to impactful catastrophes during the 1990's and early 2000's, Bermuda was able to attract large numbers of commercial reinsurers from across the world. Ever thereafter, Bermuda has been able to adapt its legal and regulatory structure to accommodate market demand and maintain high standards of regulation that provide financial security.

PUERTO RICO CERTAINLY HAS THE ELEMENTS TO SOLIDIFY AND STORMPROOF ITS FUTURE IN THE GLOBAL INSURANCE AND REINSURANCE MARKETS.

Puerto Rico, which admittedly began to venture into the international insurance and reinsurance arena decades after Bermuda, possesses many of the same foundational elements that have contributed to Bermuda's success. It already has a stable, sound, and strong regulatory framework tailored for international insurers and reinsurers. Its legal landscape is comprised of statutes and regulations adopted almost twenty years ago, and its judicial system, both local and federal, is one upon which investors can safely rely. Puerto Rico also has favorable tax policies with unique incentives not found in any other U.S. jurisdiction. It is supported by a skilled financial workforce proficient in actuarial science, risk management, and regulatory compliance. Additionally, it features a mature and well-developed investment, banking and finance network to support operational needs of international insurers and reinsurers. The combination of these elements has already proven very useful and advantageous to a good number of



seasoned insurers and reinsurers established under the Puerto Rico International Insurance Center.

The Puerto Rico International Insurance and Reinsurance Center offers an attractive and viable alternative that can complement the global insurance and reinsurance ecosystem. With relatively low operating costs, streamlined reporting requirements and modest capitalization thresholds, Puerto Rico presents a cost-effective jurisdiction well suited for mid-sized insurers and

reinsurers in a growth or development stages, as well as for startups entering the market. Strategically located, Puerto Rico is also well-positioned to serve as hub for companies seeking to provide regional risk management solutions to neighboring Caribbean and Latin American markets.

Looking ahead, Puerto Rico certainly has the elements to solidify – and stormproof – its future in the global insurance and reinsurance markets. By drawing from Bermuda’s successful

strategic approach and tailoring it to its economic and regulatory context, Puerto Rico can effectively leverage its International Insurance and Reinsurance Center to bolster competitiveness and expand its role as a key player in the international financial services sector.

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CYBER TRENDS: A SHIFTING LANDSCAPE OF RISK AND RESILIENCE

By: Tanya Sanchez-Alvarez, Esq. | AIG Insurance Puerto Rico
Tanya is the Cyber and Professional Liability Leader for AIG Latin America.

Even after overcoming the challenge of shifting the perception that cyber threats are solely an IT Issue, organizations still encounter significant resistance from the C-Suite as many executives hesitate to fully integrate cyber security into their broader risk management. Most executives often view it as a technical concern rather than a core business risk.

However, as cyber risk continues to escalate, aligning cyber security with business objectives is no longer optional- it's a necessity. The pace of technology changes is relentless and with it, the challenges and threats to our digital landscape evolve at an unprecedented rate.

Criminals are changing tactics shifting their methods from encryption-based ransomware to public data exposure as a means of extortion. Cyber risk is now a top concern across all industries and company sizes. And now more than ever, cybersecurity is not just about technology—it's about: (1) De-

veloping a strategy of integrating cybersecurity into overall business goals, (2) creating Organizational Culture by Fostering a security-first mindset among employees and (3) a shared responsibility by ensuring cybersecurity is a collective effort across all levels of an organization.

Puerto Rico is not the exception facing great challenges in cybersecurity with millions of attempted cyberattacks every year, which has driven greater investment and effort for prevention. Recognizing the urgency, the Puerto Rican government launched a comprehensive cybersecurity plan in 2024, designed to protect government infrastructure and citizens' data. Developed by PRITS (Office of Innovation and Technology Services)¹, this initiative aims to create a resilient cybersecurity environment. Additionally, Law 40-2024 was enacted, establishing clear government data security policies. This law prohibited ransom payments in cyberattacks (except in critical cases) and mandates the appointment of a Chief Cybersecurity

Officer (CISO) to oversee cyber risk management.

Meanwhile, AIG has launched its Ransomware Threat Insights¹ confirming the trends making the headlines of the news: Phishing and Common Vulnerabilities are the leading ways cyber criminals are launching attacks. These vulnerabilities are leading to incidents with more than 60% of ransomware incidents linked to Weak User Privilege.

Therefore, with every click and every connection, we create either a risk point—or an opportunity for protection and while strong cybersecurity controls are essential for prevention, cyber liability insurance serves as a risk transfer tool to help organizations mitigate possible financial losses and recover effectively from a cyber incident. But cyber liability insurance is not a new product. It has been around for over a decade, but nowadays insurers are taking a new approach to managing risk and building loyalty.





Initially, these policies were designed primarily to cover financial losses related to data breaches, such as notification costs, credit monitoring, and regulatory fines (yes, fines). However, as cyber threats have grown more sophisticated—ranging from ransomware and business email compromise to supply chain attacks—insurers have adapted by expanding their coverage. Today's policies go beyond just financial reimbursement; they now include incident response services, legal and forensic support, public relations assistance and even outside service providers coverage.

Proactive loss prevention tools help clients reduce their exposure before

an incident occurs offering policyholders tools like employee cybersecurity training, phishing simulations, and real-time threat intelligence to help mitigate risks before an attack occurs. And even when an organization has proactively done all the above, creating an incident response plan has proven to be a strategic pillar to avoid an impact on business continuity after an unexpected cyber event.

Another major shift in the insurance market has been the customization of cyber policies to fit different industries and business sizes. Small and medium-sized businesses, once overlooked in the cyber insurance space, now have access to tailored coverage that

addresses their unique exposures. Meanwhile, larger enterprises with more complex risk profiles are seeing insurers provide more flexible policies with higher coverage limits and built-in risk management solutions. Additionally, as ransomware attacks continue to surge, many insurers are implementing stricter underwriting guidelines, requiring policyholders to demonstrate strong security controls—such as multi-factor authentication (MFA), endpoint detection, and data backup protocols—before they can secure coverage. This evolution reflects a broader understanding that cybersecurity is not just about transferring risk but about actively managing and reducing it. As an insurer, AIG has focused on setting clear expectations with our Insureds, establishing a customer centric culture, and being an ally, so we can win together against the evolving threads of cyber risks.

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As many in the industry say “There is never a dull moment in Cyber” and 2025 will most definitely not be the exception.

For more information about this article feel free to contact Tanya Sanchez-Alvarez, Esq. at tanya.sanchez@aig.com. AIG Puerto Rico is located at 250 Ave. Luis Muñoz Rivera San Juan, PR.



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FROM RUNWAY TO RISK TRANSFER: HOW MGAS WITH CAPACITY ARE RESHAPING COMMUNITIES

By: **Rubén A. Gely-Ortiz, AINS ARM CAMS** | International Insurers Consulting Group (IICG)

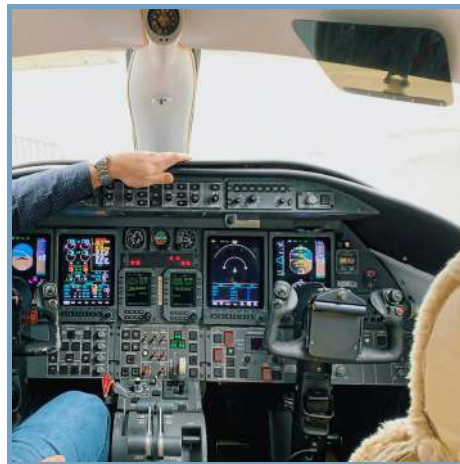
Rubén A. Gely-Ortiz is the President of IICG, the Editor-In-Chief of the Puerto Rico Financial Services Review (PRFSR), and a Board Member at the Puerto Rico International Insurers Association (PRIIA)

When I became a pilot, I expected weather and maintenance to be the main challenges. I didn't expect one of the toughest parts of aviation to be... insurance. Whether you're flying a 60-year-old Cessna or leading a community clinic in a rural area, the story is familiar: the risks are real, the need is there, but traditional insurers often say, "not interested."

But here's what gets me excited: a new wave of Managing General Agents (MGAs) backed by thoughtful, committed capacity providers are turning that "no" into a "let's build something." And they're using Puerto Rico as their launchpad.

At International Insurers Consulting Group (IICG), we work with entrepreneurs, technologists, and seasoned insurance professionals who come to Puerto Rico to create international insurers and solve real problems. What we're seeing is a shift from old-school insurance to mission-driven, tech-enabled underwriting platforms that are

agile, well-capitalized, and ready to tackle underserved markets.



THE INSURANCE GAP IN NICHE MARKETS

Insurance is supposed to transfer risk, but in too many sectors, it simply doesn't exist. Aviation is one example. My own search for a reasonably priced aviation insurance policy revealed a

brutal truth: small aircraft owners, flight schools, and recreational pilots are often considered too risky or too small to matter.

Now zoom out: the same thing is happening to smallholder farmers, gig workers, micro-entrepreneurs, and even municipalities exposed to climate risk. Traditional insurance players aren't equipped to understand or price these segments. That's where specialized MGAs come in.

ENTER THE MGA WITH CAPACITY

An MGA is more than a distributor. Today's best MGAs are data-driven, deeply specialized underwriters with the agility to move fast and the insight to serve markets others won't touch. But to make an impact, they need capacity—and that's where Puerto Rico's international insurers play a vital role.

A properly structured MGA, backed by a Puerto Rico-domiciled reinsurer or international insurer, can deploy innovative solutions in days, not months.



Whether it's usage-based coverage for e-bikes, flood protection for coastal businesses, or parametric earthquake triggers for schools, the model is working.

WHY PUERTO RICO MATTERS

Puerto Rico offers a unique platform for international insurance: a U.S. jurisdiction with a globally respected regulatory regime, tax efficiencies, and a legal framework that enables the formation of segregated asset plans (SAPs). SAPs allow entrepreneurs to launch programs in partnership with established carriers, while protecting each venture's assets and liabilities.

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IN DAYS.**

AT IICG, WE GUIDE CLIENTS FROM CONCEPT TO EXECUTION:

- Drafting and filing regulatory documents
- Designing business plans and feasibility studies
- Registering segregated asset plans
- Providing ongoing compliance and back-office support

We see ourselves not just as consultants, but as mission navigators—helping founders, MGAs, and investors make a real impact with the right tools.



SOLVING PROBLEMS WITHOUT SEEKING THE SPOTLIGHT

Some of the most impactful programs we support operate quietly. One helps public transportation drivers in Latin America get affordable health coverage. Another uses IoT sensors and actuarial data to insure small farms against drought. Another offers embedded coverage for cross-border freight in emerging markets.

They don't get headlines. But they do get results.

THE PILOT'S PERSPECTIVE

Flying teaches you a lot about risk. You need clear weather, a reliable aircraft, and a flight plan. The same goes for building insurance platforms: you need clarity in regulation, strong technical infrastructure, and partners who understand the mission.

When I finally found coverage for my airplane, it wasn't through a giant co-



glomerate. It was through someone who understood my needs as a pilot and offered capacity through a flexible, responsive structure. That's the model we help replicate at IICG—across sectors, borders, and risk classes.

CLOSING THOUGHTS

Capacity is more than capital—it's confidence. When MGAs are backed by capacity that believes in their mission,

they can underwrite not just policies, but progress. Puerto Rico has become the runway. IICG is the ground crew. We're proud to help these ventures take off.

For more information about this article feel free to contact Rubén A. Gely-Ortiz at ruben.gely@priia.org or browse the Puerto Rico International Insurers Association page <https://priia.org>



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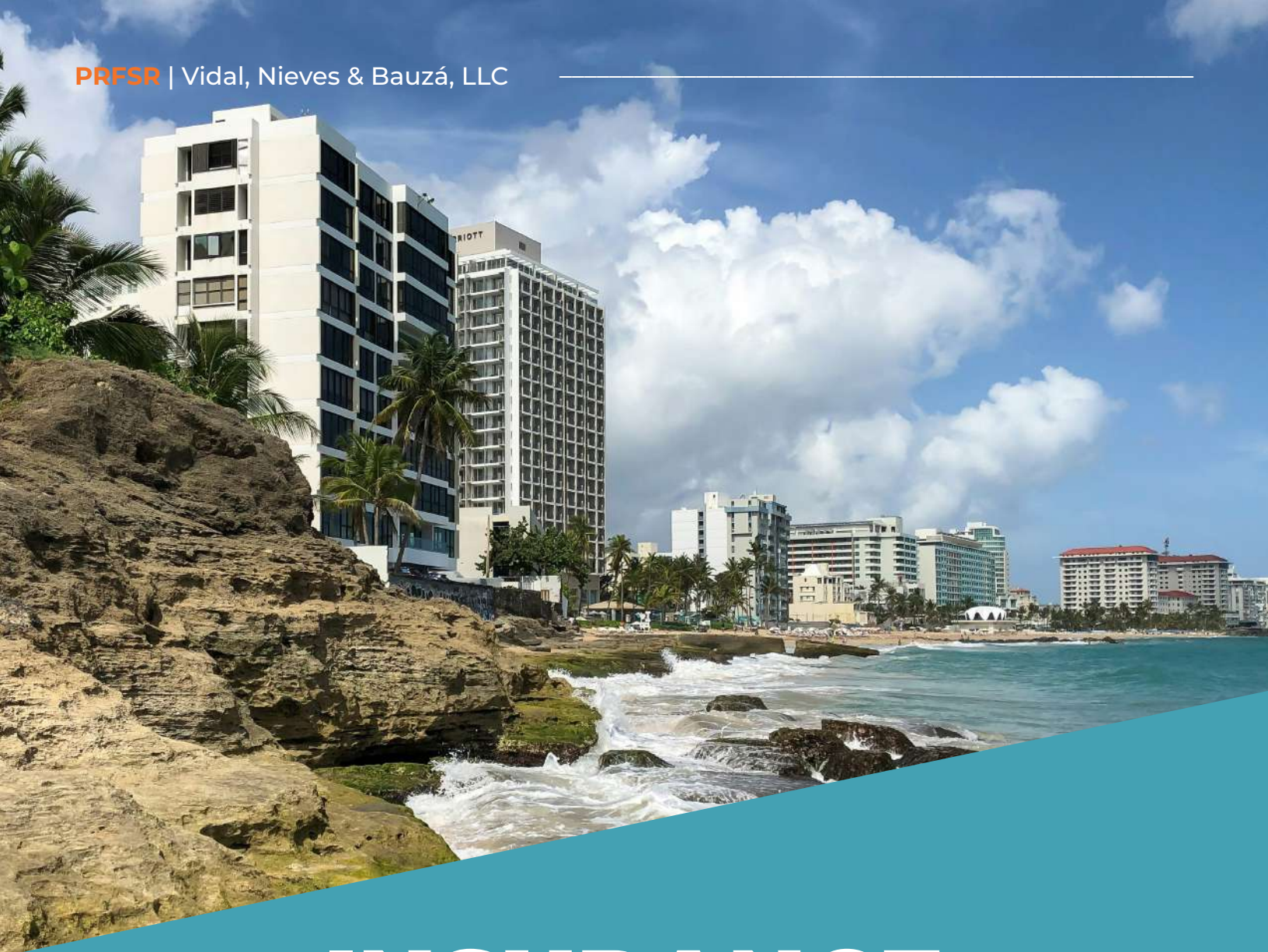
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INSURANCE SEGREGATED ASSET PLAN COMPANIES IN PUERTO RICO:

AN OVERVIEW OF THE LEGAL FRAMEWORK

By: **Pedro I. Vidal Cordero** | Vidal, Nieves & Bauzá, LLC

Pedro is a licensed attorney in Puerto Rico and in the District of Columbia, with over 30 years of professional experience. His practice covers corporate, regulatory, contractual, and transactional matters related with the operation of insurance companies, captives, and reinsurers in Puerto Rico, as well as other business entities established in Puerto Rico.

Since the establishment of the Puerto Rico International Insurance Center in 2004 (“CIS”, by its acronym in Spanish) through the adoption of Puerto Rico’s captive insurance act, --Act No. 399 of 2004 (“Act 399”)--, insurers authorized under the CIS have had the choice of operating as either carriers writing business and/or providing reinsurance supported by the entity’s own contributed capital or, on the other hand, by choosing to both write business and reinsure risks backed-up by the entity’s own capital and, additionally, by obtaining an additional authorization allowing the insurer to organize separate accounts or portfolios of assets and liabilities which serve to support a particular insurance risk transfer transaction.

Insurers authorized under Act 399 to provide captive insurance solutions through the establishment of one or more “segregated asset plans” or “protected cells” are referred to in Puerto Rico as “segregated asset plan” or “protected cell” companies.

It is reasonable to state that the preferred organization structure for insurers seeking authorization under the CIS is the segregated asset plan company-protected cell company operating structure.

Puerto Rico’s segregated asset plan companies are modeled after those originating in other long-established insurance centers located in places such as Gurnsey, Bermuda, Cayman Islands, and the British Virgin Islands, among others. In these other offshore domiciles, entities capable of offering similar captive insurance and other risk transfer alternatives through structures centered on the legal separation of assets, liabilities and the corresponding insurance obligations are usually referred to as segregated account companies or segregated portfolio companies.

Not surprisingly, many states in the U.S. have similarly adopted legislation under their respective captive insurance laws which allow insurers and other sponsors to organize so-called “sponsored captive insurance compa-

nies” directed at insuring the risks of insurers or businesses through protected cells having assets and liabilities that are completely fenced off from the other protected cells established by the sponsored captive insurer, as well as from the general account of the licensed insurer itself.

For example, Vermont, the precursor captive domicile in the U.S. after having adopted its original captive law in 1981, added sponsored captive insurance companies to its statute in 1999; i.e., many years before other states in the U.S. and Puerto Rico did so under their respective special captive laws. Vermont’s success as a captive domicile is unquestionable. It has been reported that during 2024 it positioned

a group of obligations that are identified and managed pursuant to an operational plan previously approved by the Commissioner [of Insurance]. Only class 2 (association captive insurers), class 3 (P&C captive insurers), class 4 (P&C and high limit casualty insurance and catastrophic reinsurance captive insurers), class 5 (life and disability-health captive insurers) and class 6 (insurance risk securitizations captive insurers) may be authorized as segregated asset plan companies.

Segregated asset plan companies, therefore, need to operate within the confines provided by the operational plan or plans previously approved and on file with the Insurance Commissioner,

PUERTO RICO’S SEGREGATED ASSET PLAN COMPANIES ARE MODELED AFTER THOSE ORIGINATING IN OTHER LONG-ESTABLISHED INSURANCE CENTERS LOCATED IN PLACES SUCH AS GURNSEY, BERMUDA, CAYMAN ISLANDS, AND THE BRITISH VIRGIN ISLANDS, AMONG OTHERS.

itself as the leading captive domicile in the world with 683 total captives that year; a number which exceeds that of traditional, favored offshore captive domiciles such as Bermuda and the Cayman Islands.

THE LEGAL AND REGULATORY FRAMEWORK APPLICABLE TO SEGREGATED ASSET PLAN COMPANIES AND THEIR SEGREGATED ASSET PLANS OR PROTECTED CELLS

Act 399 defines a “segregated asset plan” as a group of assets that are identified and managed separately in an integrated manner by and international insurer... for the purpose of paying

including any amendments to such plan(s). In order to conduct business through a particular protected cell being organized, a segregated asset plan company needs to file its operational plan with the Commissioner at least 60 days before the protected cell will be organized. The operational plan will be considered “deemed” approved within 30 days from its filing, if not sooner rejected within such 30-day period or if the Commissioner does not notify the extension of the review period for not more than an additional 30 days.

Operational plans for a segregated asset plan must, at minimum, address (i) a protected cell’s business objectives, (ii) the proposed directors, responsible officers or managers for the protect-

ed cell, (iii) the protected cell's assets and liabilities and the manner in which they will be identified, and (iv) the investment policy to be followed with respect to the protected cell. Moreover, any amendments to an approved operational plan on file with the Commissioner need to be filed within 30 days of their intended implementation date.

While segregated asset plan companies in Puerto Rico are formally incorporated under the provisions of Act 399 and, subject to the regulatory oversight powers of the Commissioner of Insurance as regulated entities, the segregated asset plans they organize are not considered separate legal entities under Puerto Rico law. As provided by Act 399, No segregated assets plan shall be considered as an entity with a juridical personality separate from that of the international insurer for legal purposes. The approval of the Commissioner of a segregated assets plan or its subsequent amendments shall not be construed in that sense.

It is, therefore, the responsibility of the segregated asset plan company establishing a protected cell to not only clearly identify the assets and insurance obligations attributed to each protected cell in the protected cell's operational plan, but, more importantly, to actually segregate the protected cell's assets from those of the general account of the segregated asset plan company, and those of other protected cells organized by the company. This is achieved, in part, through the opening of one or more bank or custody accounts by the segregated asset plan company on behalf of a particular protected cell. A segregated asset plan company must, at minimum, attribute sufficient assets to a protected cell in a value equal to the reserves and other insurance obligations contractually assumed by each protected cell.

Each segregated asset plan or protected cell is required to be uniquely identified through a chosen name that includes the term "segregated as-



set plan," "protected cell" or, by usage and custom, their respective acronyms "SAP" or "PC." Additionally, the segregated asset plan company must make sure that it adopts reasonable administrative and accounting policies such that the assets of each of the protected cells are separately identified.

This is particularly important as separate accounting audits for each of the protected cells are conducted by the appointed external auditors and filed with the Commissioner annually, as an integral part of the segregated asset plan company's annual report filed before the insurance regulator.

With respect to the Puerto Rico tax obligations to which segregated asset plan companies are subject to, companies are annually required to file a special tax return with the Puerto Rico Department of the Treasury. The taxable net income attributable to each of the segregated asset plan company's protected cells must be separately re-

ported in a schedule to the special tax return. Additionally, and pursuant to the applicable provisions in the Puerto Rico Incentives Code recognizing the special tax treatment of segregated asset plan companies, as well as the parallel provisions found in the Puerto Rico Internal Revenue Code, any tax income tax liability resulting from the insurance operations conducted by each protected cell must be paid exclusively from the protected cell's funds.

Consequently, the segregated asset plan company is responsible before the Puerto Rico Treasury Department for both reporting and paying on behalf of each protected cell any tax liability that results from its operations each year.

Segregated asset plan companies, finally, are required to formally terminate any of the protected cell they have established, including bank or custody accounts opened in respect to the same, once the commercial opera-

tions conducted by the corresponding protected cell have concluded.

CONCLUSION

Puerto Rico offers insurers and businesses wishing to establish insurance captives and other risk transfer structures, a proven and flexible regulatory framework from which to operate, coupled with the attractive tax benefits that Puerto Rico is capable of offering to businesses and individuals establishing operations in Puerto Rico. As an "onshore" U.S. domicile with deep historical connections to the Spanish-speaking world, Puerto Rico continues to be uniquely positioned to favorably compete with other leading U.S. onshore captive domiciles such as Vermont, Utah, Arizona, among others.

For more information about this article contact Pedro I. Vidal-Cordero, Esq. at pvidal@vnblegal.com or vnblegal.com Vidal, Nieves & Bauzá is located at Suite 110 T-Mobile Center in Guaynabo, PR.

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PUERTO RICO: A LAUNCHPAD FOR AI-DRIVEN INSURANCE INNOVATION

By: **Accelerant** | September 2025

Accelerant is a ReInsurance company that specializes in data-driven risk exchange, connecting specialty underwriters with risk capital.

Insurance is at a turning point. Not just in how we price risk or process claims — but in how we understand risk itself.

For too long, insurers have been flying half-blind—relying on outdated data and sluggish systems that can't keep up. But that's changing. Fast. AI is reshaping how risk is measured, priced, and managed in real time. And Puerto Rico is quietly emerging as one of the best places to lead that shift.

At Accelerant, we don't chase trends — we build infrastructure. The kind that rewires insurance from the ground up. And what we see in Puerto Rico is rare: a government that's engaged, regulation that's thoughtful, and a business climate built for experimentation and scale.

A CATALYST FOR CHANGE

Puerto Rico is fast becoming a magnet for innovation in financial services, par-

ticularly in the field of insurance technology. The reasons are clear: a strategic location bridging the U.S. and Latin America, a bilingual and highly educated workforce, robust tax incentives, and a regulatory environment that welcomes experimentation without compromising oversight.

In January 2025, Puerto Rico's Senate introduced legislation to set ground rules for AI — clear guidelines, transparent governance, and accountabil-



ity baked in. That matters—because when it comes to insurance, transparency isn't optional. Trust is everything.

HERE'S WHY PUERTO RICO STANDS OUT:

- Bilingual talent
- Digital-first regulators
- Real tax incentives
- A willingness to collaborate

THE REAL POWER OF APPLIED AI

AI in insurance is often discussed in broad, generalized terms. But the real transformation is happening through applied AI—vertical-specific models built for insurance risk, claims, and capital allocation.

It's not just theory. We've seen AI in action. At Accelerant, we've built AI-powered underwriting intelligence into our Risk Exchange, ensuring MGAs and capital providers operate with the best, most relevant insights—and the results are sharp:

BETTER MARGINS FROM SMARTER RISK SELECTION

- Better recoveries through claims analytics
- Real-time data that helps investors deploy capital with confidence

This isn't about replacing underwriters. It's about giving them sharper tools. AI doesn't take the wheel — it gives you a better map.

And while the rest of the world is still debating AI ethics, Puerto Rico is building a framework that works — one that encourages innovation and protects policyholders. That's not common. It's leadership.

WHY PUERTO RICO?

When Accelerant came to Puerto Rico, several factors stood out immediately. The government was not only open to innovation but actively collaborat-

ing with the private sector to shape a regulatory framework that worked. That kind of engagement is uncommon. It reflects a deeper commitment to building a sustainable, innovation-driven economy.

The insurance sector is a natural fit for this kind of leadership. It's a data-intensive industry where risk, capital, and compliance must move in sync. AI brings the ability to assess risk at the most granular level—beyond static loss ratios, into dynamic, real-time insights about claims behavior, exposure trends, and capital deployment. But to unlock that potential, companies need certainty—and Puerto Rico offers it.

Moreover, Puerto Rico's commitment to digital transformation extends

addresses the practical and ethical dimensions of AI: bias mitigation, transparency, governance, and privacy. Rather than stifling innovation, it encourages it—while safeguarding policyholders and financial markets. This kind of framework is especially valuable in insurance, where the stakes are high. Consumers expect fairness. Regulators demand accountability. And businesses need agility. Puerto Rico strikes that balance by allowing companies to test and refine models within clear, thoughtful boundaries.

In short, Puerto Rico isn't just keeping up—it's shaping what comes next.

THE DATA DECADE IS HERE

Insurance has always been about capital: the ability to absorb losses and

PUERTO RICO IS FAST BECOMING A MAGNET FOR INNOVATION IN FINANCIAL SERVICES, PARTICULARLY IN THE FIELD OF INSURANCE TECHNOLOGY. A STRATEGIC LOCATION BRIDGING THE U.S. AND LATIN AMERICA, A BILINGUAL AND HIGHLY EDUCATED WORKFORCE, ROBUST TAX INCENTIVES, AND A REGULATORY ENVIRONMENT.

beyond regulation. There's a cultural momentum here. From startups to established carriers, firms are embracing advanced data tools and next-generation platforms. Puerto Rico is not only inviting innovation—it's ready for it.

A BLUEPRINT FOR OTHERS

Puerto Rico's AI legislation could serve as a model for other jurisdictions. It

pay claims. But in the emerging era of AI, data is the new competitive advantage. Insurers who can capture, analyze, and act on information with precision will set the pace for the next generation of growth.

This shift from a capital-centric model to a data-centric one is especially powerful in specialty insurance—where risks are often complex, fragmented,

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THROUGH THE LAWS THAT GOVERN THE FINANCIAL INDUSTRY.

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and underserved. With AI, insurers can understand these risks in new ways, price them more accurately, and deploy capital more efficiently. That's not just innovation. That's reinvention. And it's happening in Puerto Rico.

THE ROAD AHEAD

Looking forward, we anticipate even deeper integration of AI into every aspect of the insurance ecosystem. From advanced fraud detection and real-time claims triage to dynamic portfolio rebalancing and predictive underwriting, the future of insurance will be built on intelligent systems that empower—not replace—human expertise.

Puerto Rico's continued investment in this future is a powerful signal. By fos-

tering a business environment where experimentation is supported, regulation is modern, and talent is abundant, the island is well-positioned to become a global hub for insurance innovation.

At Accelerant, we're not just watching from the sidelines—we're building alongside Puerto Rico. The convergence of applied AI, regulatory foresight, and entrepreneurial energy is creating something unique here. It's not just about being digital. It's about being smarter, faster, and fairer.

PUERTO RICO'S MOMENT TO LEAD

As insurers, we're in the middle of the biggest redefinition of our industry in a century. Capital used to be the moat.

Now it's data. And if you're not wired to move fast, think granular, and act on insight—you're at risk of falling behind.

Puerto Rico is leaning in. The island's regulatory and business environment is creating space for the next wave of underwriting, risk modeling, and fraud detection. Not someday. Now.

WE'RE BETTING ON IT.

For more information about this article feel free to contact the author at accelerant@cmmand.co or browse <https://accelerant.ai>



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