Puerto Rico’s financial services industry is the most sophisticated in the region thanks to decades of expertise and a unique combination of federal regulations and local tax exemptions. The island is unique in offering offshore destination banking and finance freedoms while under the protection of the U.S. government. With a bilingual, educated workforce and distinctive regulations, Puerto Rico is the perfect place to expand financial products to Caribbean and Latin American markets.

The local incentive code reinforces the benefits of operating an international financial entity in Puerto Rico or taking advantage of what island based financial institutions offer. The regulatory landscape allows local International Financial Entities (IFEs) to offer non-local clients banking and financial services while maintaining the trust and confidence of a U.S. jurisdiction. These institutions are regulated by both federal agencies and associations and local authorities, providing ample support to both IFEs and their clients.

**Globally Unique Banking**

**Largest Players**

- **7 Commercial Banks**
  - $64.7B in assets

- **28 International Banking Entities (IBEs)**
  - $56.7B in assets

**Basic Requirements**

- **License from the Office of the Commissioner of Financial Institutions (OCIF)**
- Min. $5 million in capital – of which at least $250,000 must be paid-in
- Min. $300,000 in free and clear assets, or equivalent financial guarantee
- 4 full time employees in Puerto Rico
- Must comply with the Bank Secrecy Act, the Patriot Act, and the regulations set by the Office of Foreign Asset Control (OFAC)

**Benefit from Unique Tax Incentives**

- 4% fixed income rate
- 50% exemption of municipal license tax
- 75% exemption of real & personal property tax
- Tax exemptions for export services
- Incentives for international insurers & reinsurers, financial entities, and private equity funds

**In Puerto Rico, IFEs can:**

- Accept deposits
- Borrow money
- Lend money, including refinancing and underwriting
- Provide letters of credit
- Exchange foreign currency
- Finance trades
- Provide other financial services like:
  - Securities brokerage
  - Clearinghouse services
  - Asset management
Puerto Rico’s unique regulatory landscape and incentives code makes the island one of the most competitive jurisdictions for international and captive insurers in the world. Local legislation supports domestic and international insurers and reinsurers, making the local insurance industry the largest in Latin America on a per capita basis, representing $14.3 billion in written premiums. This regulatory terrain supports exceptional industry growth and has inspired a globally unique captive insurance market. According to Captive Review, protected cells, whose premium volume increased 24% last year, contribute 70% of premium growth.

The Island’s one-of-a-kind insurance industry is regulated by the Office of the Commissioner of Insurance (OCI) and supported by the International Insurers Association (PRIIA). The Office of the Commissioner of Insurance of PR is an accredited member of the National Association of Insurance Commissioners (NAIC) and is also a member of NAIC’s Latin American counterpart, ASSAL. Excellence in insurance is complemented by the over 11,600 intermediaries, including 2,049 authorized provisional representatives. There are 1,162 licensed entities serving local and international clients.

Why Puerto Rico?

- Recognized insurance regulator
- First-class service providers
- Attractive tax incentives
- Easy access to mainland U.S. and Latin America
- World-class business infrastructure
- Federal insurance and banking regulations, U.S. dollar, and stable business environment
- Legal & intellectual property protections of the U.S.

177% Growth in assets under management (AUM) of international insurers between 2015 – 2019
2.7% Growth in insurance market value from 2018 – 2019

Home to:

- 33 International insurers
- 481 Protected cells
- 47 Domestic insurers
- 271 Foreign insurers

Karen Mojica, Esq. Business Development Director | kmojica@investpr.org | +1.787.376.7159 | investpr.org