

COMMONWEALTH OF PUERTO RICO
Office of the Commissioner of Insurance
P. O. Box 11217 - Fdez. Juncos Sta.
Santurce, Puerto Rico

Circular Letter L-10-241-59
October 26, 1959

TO ALL COMMISSIONERS, DIRECTORS AND
SUPERINTENDENTS OF INSURANCE, ETC.

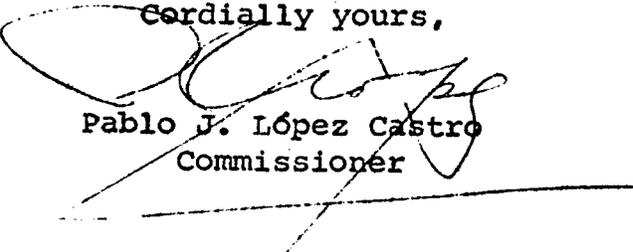
Dear Sir:

I am addressing this communication to you in relation to the problem, which has arisen in Automobile Liability Insurance, of unwarranted cancellations. I feel that this is a general problem shared by all of us and one which has caused a great deal of hardship to and discontent among policyholders.

The companies' position is, of course, that these cancellations without "cause", are necessary in order to maintain their portfolios in a sound state. They put up the usual arguments of loss ratio and maintaining balance within the rate structure. In order to effect some relief for the insureds I am considering a regulatory measure. This suggested regulation would increase the time from the date of notification to the effective date of cancellation from the present ten days to a proposed twenty days.

I would appreciate any information as to the situation in your jurisdiction in relation to this problem, and any corrective steps you may have taken as to it. I would also gratefully accept any suggestions you may have as to my proposed regulation.

Cordially yours,


Pablo J. López Castro
Commissioner