

Commonwealth of Puerto Rico
OFFICE OF THE COMMISSIONER OF INSURANCE
P. O. Box 11217 - Fernández Juncos Sta.
Santurce, Puerto Rico

Circular Letter #C-2-250-60
February 25, 1960

TO ALL INSURANCE DEPARTMENTS SUPERVISORY OFFICIALS

Gentlemen:

Section 9.270 of the Insurance Code of the Commonwealth of Puerto Rico reads as follows:

"(1) A nonresident agent or broker shall not directly or indirectly solicit insurance in Puerto Rico, or inspect risks in Puerto Rico, and under the license shall place only insurance which has been directly procured from the insured outside of Puerto Rico upon a subject of insurance located or to be performed in Puerto Rico.

"(2) The licensee may place insurance upon subjects located or to be performed in Puerto Rico only through a resident agent or broker of Puerto Rico, and in an insurer authorized to transact insurance in Puerto Rico. The insurance so transacted shall be deemed, for all purposes, as being transacted in Puerto Rico.

"(3) The licensee shall not countersign any policy covering any subject located, resident, or to be performed in Puerto Rico. The countersigning shall be done by a resident agent authorized by the insurer, who shall keep record of all the details of the insurances so transacted, including the name of the nonresident agent or broker".

Local industry in Puerto Rico has requested of us an official opinion as to what would be a reasonable allocation within and without Puerto Rico of services to clients of Puerto Rico to be rendered by nonresident brokers. This ruling would probably be used in bargaining for commissions between non-resident licensees and resident agents and for the determination

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of the amount that should be withheld from nonresidents for income tax purposes.

In our mind, Section 9.270 above quoted, conveys the idea that no effort of any sort should be performed in Puerto Rico in connection with insuring any risk located in Puerto Rico by a nonresident broker. Therefore, our intended answer would be that all the efforts made by the nonresidents in placing insurance on Puerto Rican risks should be made outside territorial limits of the Commonwealth of Puerto Rico.

This circular letter is addressed to you with the request that you inform us if you have issued any such ruling or if administratively you accept that nonresidents actually perform a portion of the services within boundaries of your own State.

Your prompt answer to this request shall be highly appreciated.

Cordially yours,


Pablo J. López Castro
Commissioner of Insurance

Handwritten note:
My attention
is directed to
the above