

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

Circular Letter #A-6-266-60
June 27, 1960

TO ALL LIFE AND ACCIDENT AND HEALTH INSURANCE COMPANIES
AND THEIR GENERAL AGENTS OR MANAGERS IN PUERTO RICO

Please be informed that on June 19, 1959 the Legislature of Puerto Rico approved Act 63 to add Chapter XVIII to the Insurance Code of the Commonwealth of Puerto Rico. This Act follows closely the Credit Life and Credit Accident and Health Insurance Model Bill approved by the National Association of Insurance Commissioners. The purpose of this Act is to promote the public welfare by regulating credit life insurance and credit accident and health insurance.

All life insurance and all accident and health insurance sold in connection with loans or other credit transaction shall be subject to the provisions of this Act except such insurance sold in connection with a loan or other credit transaction of more than five years duration.

In accordance with this Act, all credit life insurance and credit accident and health insurance sold shall be evidenced by an individual policy, or in the case of group insurance by a certificate of insurance, which individual policy or group certificate of insurance shall be delivered to the debtor.

The amount of credit life insurance shall not exceed the indebtedness. Where the indebtedness is repayable in substantially equal installments the amount of insurance shall not exceed the balance of the indebtedness. The amount of periodic indebtedness payable by the credit accident and health insurance in the event of disability shall not exceed the aggregate of the periodic unpaid installments of indebtedness, and shall not exceed the original indebtedness divided by the number of periodic installments.

All amounts which become payable under a credit life or accident and health insurance policy shall be paid to the creditor to be applied toward the discharge of the insured debt.

Each individual policy or group certificate shall provide that in the event of termination of the insurance prior to the scheduled maturity date of the indebtedness, any refund of the amount paid by the debtor for the insurance shall be paid or credited promptly to the person entitled thereto. The formula to be used in computing such refund shall be filed with the Commissioner. Each insurer issuing credit life or credit accident and health insurance shall file with the Commissioner its schedule of premium rates for use in connection with such insurance.

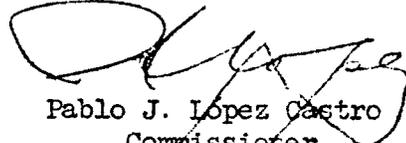
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This Office is planning to revise all credit life and accident and health insurance policy forms previously approved in order to determine if they conform to the provisions of this Act. In due course we shall inform you the results of our findings.

Cordially yours,



Pablo J. López Castro
Commissioner