

Commonwealth of Puerto Rico  
OFFICE OF THE COMMISSIONER OF INSURANCE  
P. O. Box 11217 - Fernandez Juncos Sta.  
Santurce, Puerto Rico - 00910

Circular Letter C-8-359-64

TO ALL THE INSURERS, MANAGERS,  
GENERAL AGENTS AND ADJUSTERS

Re: Adjusting without a license

Gentlemen:

PREAMBLE

In the insurance business, a person whose actions may affect the public interest must submit himself to a process whereby a double qualification, which we may call private and public qualifications, may be attained. Public qualification may be defined as that which prepares the individual to pass an examination conducted by the Office of the Commissioner of Insurance in order to obtain the corresponding license, while the private qualification prepares him to work in an acceptable manner for a particular firm or person. In the latter case, the degree of acceptability is measured by the employer.

These two qualifications are contemplated in the Puerto Rico Insurance Code as being different and separated and so they may be attained separately. In the case of an agent, where a temporary license is issued, it is at times possible to develop both qualifications simultaneously, both of them ending at the same time. In the case of the adjustment of losses, however, where no temporary license is issued, it is extremely difficult to develop both qualifications in a simultaneous or parallel way.

It is to be pointed out that there might be individuals who may be considered qualified by their employers (private qualification), but who do not pass the examination required for their public qualification. In the other hand, there are individuals who, having obtained the license issued by the public authority, are not capable of meeting the standards becoming to the prestige and good standing of the firm employing them. As to the adjustment of losses, when the private qualification demands that the prospect performs adjustment duties (investigation and negotiation of claims) the public qualification would have to be first secured.

On several occasions, since the approval of the Puerto Rico Insurance Code, the Office of the Commissioner of Insurance has penalized individuals who have performed loss adjustment functions without the corresponding license. The persons so employed have always been called investigators or trainees by their employers.

It has come to our knowledge also that nonresident individuals some times come to Puerto Rico with an appointment as Claim Manager or Service Representative and carry out adjustment work in our Commonwealth without obtaining beforehand an adjuster's license.

R U L I N G

Under the provisions of the Puerto Rico Insurance Code, it is possible for a person to adjust losses without a license, under the following special circumstances:

1. A practicing attorney at law who adjusts insurance losses from time to time incidental to the practice of his profession. (An attorney at law who, in representation of an insurer, adjusts losses shall hold a license as Independent Adjuster).
2. A marine appraiser.
3. An agent duly authorized by an insurer may from time to time act as an adjuster.
4. A licensed broker may assist persons insured through him in the settling and adjustment of losses under such insurance.
5. A nonresident independent adjuster may participate in the adjustment of a single loss, or of losses arising out of a catastrophe common to all such losses.
6. A person who has been granted special permission by the Commissioner for the adjustment of losses resulting from outspread catastrophe.
7. An appraiser may participate in the adjustment of losses as regards his activity as such appraiser only.

In requiring a license for any person who "investigates and negotiates settlement of claims arising under insurance contracts", and being explicit as to the occasions where a license is not needed, the Insurance Code is making itself clear as to this requirement of a previous authorization.

This explanation about such an important aspect of the insurance business has been made for your guidance in complying with said provisions. The explanations and interpretations herein set forth shall be the policy and rule to be followed by this Office when making a decision as to the lawfulness of the actions of the individuals acting in this particular area of the insurance field.

Cordially yours,

  
 Jorge Soto García  
 Commissioner of Insurance

P. S. This Circular Letter was sent in Spanish to your General Agent or Manager and to all the adjusters licensed by our Office. It was also published in Spanish in our Boletín de Seguros for the month of August 1964.