



COMMONWEALTH OF PUERTO RICO

OFFICE OF THE COMMISSIONER OF INSURANCE

IN REPLY PLEASE
REFER TO:

Circular Letter No. AM-I-I-799-80
February 11, 1980

TO ALL INSURERS AUTHORIZED TO TRANSACT SINGLE INTEREST
AUTOMOBILE PHYSICAL DAMAGE INSURANCE IN PUERTO RICO

Subject: Premium base to be used with rate
level approved under Filing CA-79-1
and Requested Report on Statistics
Developed by the approved rate level

Gentlemen:

This Office has approved to the Insurance Services Office on behalf of its members and subscribers a revision of the rate level for single interest automobile physical damage insurance which will be formally announced in details in the usual manner by the Insurance Services Office.

Please be informed that the premium base known as "original unpaid balance" to be used with the approved rates shall be as prescribed by the applicable manual rule filed by the Insurance Services Office. The unpaid balance due shall include the unpaid principal and the interest on the unpaid principal but shall not include any other costs such as insurance premiums or cost on the financing of such insurance premiums. Therefore, all rate tables used by finance companies or any other person acting on behalf of the insurer, shall figure as premium base, the original unpaid cash balance (Balance del Precio al Contado) and the interest on such unpaid cash balance as it appears in the retail installment contract approved by the public authority concerned. All previous interpretations given to the definition of the term "original unpaid balance" are hereby rescinded.

Pursuant to section 12.040(1)(d) of the Insurance Code of Puerto Rico, we have fixed the maximum portions of the rates that will be set aside for each component of the premium dollar distribution as follows:

Total Production Costs	10.0%
General Expenses	6.0
Taxes, License and Fees	4.8
Underwriting Profit and Contingencies	5.0
Total Expenses	25.8
Loss and Loss Adjustment Expenses	74.2

Strict adherence to the above is hereby requested since no premium volume deficiencies due to a deviation from the allocation for production costs allowance fixed herewith, shall be used to justify future rate revisions.

No policy or certificate effective prior to April 2, 1980, shall be cancelled and rewritten to take advantage of or to avoid the application of the changes approved in Filing CA-79-1. If such policies or certificates are cancelled they shall be rewritten at rates in effect prior to April 2, 1980.

Also, insurers are hereby reminded of their responsibility towards finance companies and dealers for the use of correct rate tables as per the approved filing and pursuant to section 12.130 of the Insurance Code of Puerto Rico. Unapproved rates used by finance companies and dealers shall be considered unapproved rates used by insurers, within the provisions of the aforementioned section of the Insurance Code. A copy of all the rate tables prepared pursuant to Filing CA-79-1 shall be submitted to this Office by each insurer prior to April 2, 1980.

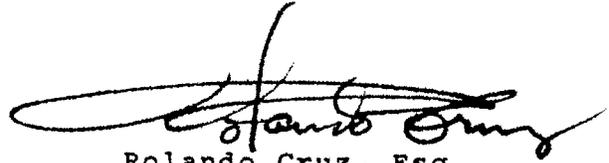
In addition, pursuant to section 3.320 of the Insurance Code, we are hereby requesting the submission of a report as outlined in the enclosed blank form AM-IV-80-1, on all single interest automobile physical damage insurance business transacted after January 1, 1980. Such report shall include all business transacted during a six-month period and shall be received in this Office not later than the thirtieth (30th) day of the month following the completion of the six month period. The first report shall include the six months beginning on January 1, 1980, and must be filed not later than August 30, 1980.

All independent insurers are hereby requested to submit a similar filing to become effective on April 2, 1980, concurrent with ISO filing.

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Strict compliance with the provisions of this circular letter is hereby requested.

Cordially yours,

A handwritten signature in black ink, appearing to read "Rolando Cruz", with a large, sweeping flourish underneath.

Rolando Cruz, Esq.
Commissioner of Insurance

Enclosure



ESTADO LIBRE ASOCIADO DE PUERTO RICO

OFICINA DEL COMISIONADO DE SEGUROS

AL CONTESTAR, FAVOR
REFERIRSE A:

May 1st., 1980

TO ALL INSURERS AUTHORIZED TO TRANSACT SINGLE INTEREST
AUTOMOBILE PHYSICAL DAMAGE INSURANCE IN PUERTO RICO

Subject: Form AM-IV-80-1

Dear Sirs:

On February 11, 1980, the Commissioner of Insurance issued Circular Letter No. AM-I-I-799-80 on account of the approval of Filing CA-79-1 to the Insurance Services Office.

As one of several rulings, this circular letter required the periodic submission of a report on all single interest automobile physical damage insurance business transacted during each six-month period beginning on January 1, 1980, to be filed in Form AM-IV-80-1 included with said circular letter.

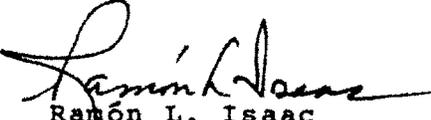
The original form and the circular letter contained a printing error. The second sentence of the fourth paragraph on page No. 2 of said circular letter should have read as follows:

"Such report shall include all business transacted during a six-month period and shall be received in this Office not later than the thirtieth (30th) day of the second month following the completion of the six-month period."

Please, disregard original Form AM-IV-80-1 and substitute it by the enclosed Form AM-IV-80-1 (corrected).

We apologize for any inconvenience this may have caused
you.

Cordially yours,


Ramón L. Isaac
Chief Actuary
Property and Casualty
Section

Enclosure

Commonwealth of Puerto Rico
 OFFICE OF THE COMMISSIONER OF INSURANCE
 P. O. Box 3508 - Old San Juan Station
 San Juan, Puerto Rico 00904

STATISTICAL REPORT ON SINGLE INTEREST
 AUTOMOBILE PHYSICAL DAMAGE INSURANCE

(Six Months ending June 30, 19__)

	Date Filed
Item	
1. Direct Premiums Written	_____
2. Direct Premiums Earned	_____
3. Reinsurance Assumed	_____
4. Reinsurance Ceded	_____
5. Net Premiums Written	_____
6. Net Premiums Earned	_____
7. Direct Commissions and Brokerage Incurred	_____
8. Reinsurance Commissions Incurred	_____
9. Direct Losses Paid	_____
10. Direct Losses Incurred	_____
11. Loss Adjustment Expenses Incurred	_____
12. Salvage and/or Subrogations	_____
13. Number of Claims Incurred	_____

 (Name of the Company)

 Authorized Signature

Commonwealth of Puerto Rico
OFFICE OF THE COMMISSIONER OF INSURANCE
P. O. Box 3508 - Old San Juan Station
San Juan, Puerto Rico 00904

STATISTICAL REPORT ON SINGLE INTEREST
AUTOMOBILE PHYSICAL DAMAGE INSURANCE

(Six-Months ending July 31, 19__)

	<u>Date Filed</u>
Item	
1. Direct Premiums Written	_____
2. Direct Premiums Earned	_____
3. Reinsurance Assumed	_____
4. Reinsurance Ceded	_____
5. Net Premiums Written	_____
6. Net Premiums Earned	_____
7. Direct Commissions and Brokerage Incurred	_____
8. Reinsurance Commissions Incurred	_____
9. Direct Losses Paid	_____
10. Direct Losses Incurred	_____
11. Loss Adjustment Expenses Incurred	_____
12. Salvage and/or Subrogations	_____
13. Number of Claims Incurred	_____

(Name of the Company)

Authorized Signature