



COMMONWEALTH OF PUERTO RICO

OFFICE OF THE COMMISSIONER OF INSURANCE

IN REPLY PLEASE
REFER TO:

August 4, 1980
Circular Letter No. AM-I-6-816-80

TO ALL DOMESTIC PROPERTY AND/OR CASUALTY INSURERS, GENERAL
AGENTS AND MANAGERS OF FOREIGN INSURERS AUTHORIZED TO
TRANSACTION PROPERTY AND/OR CASUALTY INSURANCE
BUSINESS IN PUERTO RICO

Subject: Reinstatement of
cancelled policies

Dear Sirs:

This Office has received requests from some insurers for approval of an endorsement which has the effect of reinstating to full force and effect a cancelled policy pertaining to any line of property and/or casualty insurance.

Such an endorsement or separate endorsements tailored for the needs of each line of property or casualty insurance may be used only in compliance with the following guidelines:

1. A cancellation notice may only be suspended if the notice of suspension is mailed and dated prior to the effective date of cancellation, otherwise, a reinstatement endorsement must be used.
2. The reinstatement shall be effected using rates and rules in effect as of the inception date of the policy or if subject to annual raterating, as of the effective date of the then current anniversary.
3. The endorsement is used to reinstate policies within the period of thirty (30) days from the effective date of cancellation but not thereafter.

4. The endorsement shall eliminate coverage between the effective date of cancellation and the date of reinstatement and shall not alter the original expiration date of the policy.

5. A refund figured on a pro-rata basis for the portion of the premium for the period for which the policy was cancelled shall be granted to the insured. The endorsement must contain a notice written conspicuously indicating that:

- a) The insured is entitled to a premium credit which will be refunded within fifteen (15) days if requested or within ninety (90) days, if not requested.
- b) Legal interests must be paid if the credit is not refunded within the applicable period.
- c) At the request of the insured, the refund can be credited to the renewal premium.

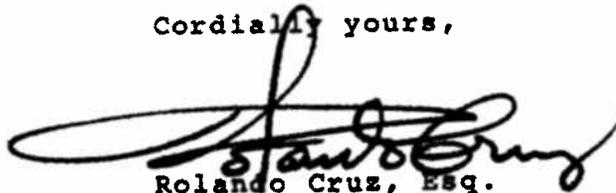
6. The endorsement is not used to reinstate cancelled policies, where the original policy is delivered or is so required to be delivered to or for deposit with any vendor, mortgagee or pledgee of any personal or real property.

You are hereby advised that the endorsement must have the prior approval of the Commissioner of Insurance in accordance with Section 11.110(1) of our Insurance Code. In addition, the reinstated policy must have the approval, if applicable, of the auditing department of the inspection bureau. Also, the statistical agent must be notified of each reinstatement if the policy was previously informed as cancelled.

Circular Letter No. AM-I-285-61 of January 30, 1961, is hereby rescinded as of the date of this circular letter.

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

Cordially yours,



Rolando Cruz, Esq.
Commissioner of Insurance