



COMMONWEALTH OF PUERTO RICO

OFFICE OF THE COMMISSIONER OF INSURANCE

November 26, 1982
Circular Letter No. A-11-900-82

TO ALL DOMESTIC AND FOREIGN INSURERS, AND TO
ALL GENERAL AGENTS AND MANAGERS OF FOREIGN INSURERS

Subject: Payment of commissions
for soliciting business
without a license

Gentlemen:

It has been brought to our attention that some insurers, general agents and managers, are knowingly engaged in the practice of accepting and paying commissions for insurance business transacted through a person who is not duly authorized to solicit and negotiate insurance by this office. This practice usually occurs when the insurance has been directly procured outside of Puerto Rico upon a subject of insurance located or to be performed in Puerto Rico.

The aforesaid conduct is in violation to the provisions of section 9.061 of the Insurance Code of Puerto Rico, which stipulates:

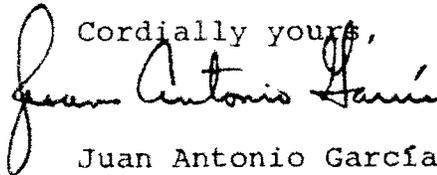
- "(1) No insurer, general agent, manager or agent shall accept applications for insurance businesses transacted through a person who does not hold a license issued under this code.
- (2) No insurer, general agent, manager, agent or broker shall pay any commission or compensation unless, as of the date on which the same is earned, the person entitled thereto was in possession of a license issued under this code".
(Emphasis supplied)

Pursuant to the above quoted legal provisions, we wish to clarify and emphasize that commissions can only be paid if at the time the insurance contract is written and issued, the person who procured and solicited the insurance was duly licensed by this Office. The compensation can not be paid afterwards, even if subsequently such person qualifies and obtains a license from this Office.

We must advise you that the licensing requirement established by the above quoted legal provisions applies to both resident and non-resident agents and brokers.

Strict compliance with the above quoted provisions and rulings is hereby required, or otherwise we will proceed to impose the severe sanctions provided by the Insurance Code of Puerto Rico.

Cordially yours,

Handwritten signature of Juan Antonio García in cursive script.

Juan Antonio García
Commissioner of Insurance