



COMMONWEALTH OF PUERTO RICO

## OFFICE OF THE COMMISSIONER OF INSURANCE

November 24, 1982  
CIRCULAR LETTER NO. AM-I-11-902-82

TO ALL NONRESIDENT AGENTS AND BROKERS DULY LICENSED TO  
TRANSACT COMMERCIAL PROPERTY AND MULTI-LINE INSURANCE  
BUSINESS IN PUERTO RICO

Subject: Compliance with rules and rates  
filings approved by the Office  
of the Commissioner of Insurance  
for the rating of policies

Dear Sirs:

The Puerto Rico property and multi-line insurance market has been subject to a fierce competition between insurers, specifically with respect to monoline property and package policies. Unauthorized discounts as high as 60% of the base premium, considered as rebates prohibited by section 27.090 of the Insurance Code of Puerto Rico, have been granted.

On August 11, 1982, we issued Circular Letter No. C-8-888-82, addressed to all domestic insurers, general agents and managers of foreign insurers and to all brokers authorized to transact property and casualty insurance in Puerto Rico, requiring, among other things, strict compliance with approved filings. The circular letter also announced that actuaries of this Office would carry out a thorough investigation of new monoline property and package policies issued after August 9, 1982, and all renewal monoline property and package policies effective after September 1, 1982, as well as policies issued prior to August 9, 1982, whose next anniversary falls after September 1, 1982, to verify compliance with approved rules and rates.

Insurers and producers were warned that non compliance with approved filings would be considered as violations to sections 12.130 and 27.090(1)(2) of the Insurance Code of Puerto Rico, and offenders would be subject to the strictest sanctions prescribed by said Code.

The sanctions shall apply to insurers as well as to the general agent, broker or solicitor or to any other person to the extent of his participation in the commitment of the offense, including, when applicable, the suspension of the corresponding certificate of authority or license. Nonresident agents and brokers are also subject to these same sanctions.

In view of the above, you are hereby required when placing insurance upon a subject of insurance located or to be performed in Puerto Rico, procured from the insured outside of Puerto Rico, to ascertain that the policy complies with the rules and rates approved by this Office to the insurer involved.

In addition, we must remind you that pursuant to section 9.270(1) and (2) of the Insurance Code of Puerto Rico:

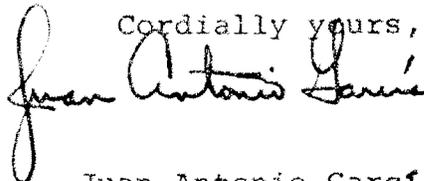
"(1) A nonresident agent or broker shall not directly or indirectly solicit insurance in Puerto Rico, or inspect risks in Puerto Rico, and under the license shall place only insurance which has been directly procured from the insured outside of Puerto Rico upon a subject of insurance located or to be performed in Puerto Rico.

(2) The licensee may place insurance upon subjects located or to be performed in Puerto Rico only through a resident agent or broker of Puerto Rico, and in an insurer authorized to transact insurance in Puerto Rico. The insurance so transacted shall be deemed, for all purposes, as being transacted in Puerto Rico." (emphasis supplied)

Strict compliance with the provisions of this circular letter, as well as with the aforesaid legal provisions, is hereby required.

You are hereby ordered to acknowledge receipt of this circular letter in the form included herewith.

Cordially yours,



Juan Antonio Garcia  
Commissioner of Insurance

Enclosure



COMMONWEALTH OF PUERTO RICO

## OFFICE OF THE COMMISSIONER OF INSURANCE

We acknowledge receipt of Circular Letter Number  
AM-I-11-902-82 of November , 1982, which we have read  
and taken due notice of its content.

\_\_\_\_\_  
Name of the Licensee or Corporation

\_\_\_\_\_  
Kind of License (Nonresident Agent  
or Broker)

\_\_\_\_\_  
Signature of the Persons Authorized  
to Act on behalf of the Corporation

\_\_\_\_\_  
Date of Acknowledgement

PLEASE DO NOT DETACH