



COMMONWEALTH OF PUERTO RICO

OFFICE OF THE COMMISSIONER OF INSURANCE

February 8, 1983
CIRCULAR LETTER NO. AM-I-2-915-83

TO ALL INSURERS AND TO ALL GENERAL AGENTS AUTHORIZED
TO TRANSACT MULTIPLE LINES INSURANCE IN PUERTO RICO

Subject: Approval of Amendments to
Rule XL

Dear Sirs:

On January 10, 1983, we approved several amendments to Rule XL of the Regulation of the Insurance Code of Puerto Rico. These amendments became effective after January 31, 1983, except Sections 8(d), 8(e), 8(f) and Section 15, which will become effective after the Insurance Services Office (ISO) submits the corresponding filings reducing the inflationary impact of the rule in the rate levels and establishing the necessary facilities to permit the audit of all coverages of a multiple lines policy.

Some rulings established by the regulation require immediate action on the part of the insurers and appropriate disclosure of information by this Office.

In order to properly implement the provisions of the rule, insurers shall:

- (a) Submit a petition of withdrawal of all previously approved multiple lines programs not in compliance with Section 7 of the rule and notify the Commissioner the name of the multiple lines program it will finally adopt.
- (b) Withdraw all approved deductible rating plans for use with multiple lines policies which are inconsistent with the specific deductible rating plan approved to ISO for use with the applicable monoline coverage, pursuant to Section 8 of the Rule.

- (c) Amend all approved schedule rating plans to limit the maximum credit or debit to 25 percent of the total premium of the affected coverage, pursuant to Section 8(e) of the Rule.
- (d) Submit for the consideration and approval of the Commissioner a rate sheet to be used with its multiple lines program, if no such form has been previously approved by the Commissioner, as required by Section 11(d).

With respect to the notice required by Section 12 to be inserted in all multiple lines policies, insurers may do so by means of a rubber stamp in the face of the policy. In addition, we hereby publish the presently approved premium dollar distributions for the lines of insurance commonly included within a multiple lines program so that insurers may properly implement the provisions of Sections 8(d) and 14 of the Rule:

<u>Item</u>	<u>Inland Marine</u>	<u>Boiler and Machinery</u>	<u>Burglary</u>	<u>General Liability</u>
General Administration	8.5	8.0	12.5	10.0
Und. Profit and Cont.	6.0	5.0	5.0	5.0
Taxes, licences and fees	3.6	4.4	5.0	5.0
Acquisition Costs	25.0	25.0	25.0	25.0
Expected Loss and Loss Adj. Ratio	56.9	57.6*	52.5	55.0

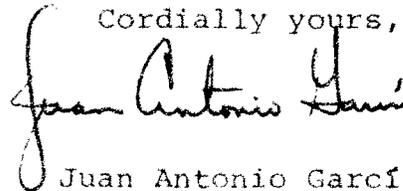
* Including inspection of boilers costs.

<u>Item</u>	<u>SMP</u>	<u>Fire</u>	<u>E. C.</u>	<u>Glass</u>
General Administration	9.0	9.0	9.0	16.0
Und. Profit and Cont.	6.0	6.0	5.0	5.0
Taxes, licenses and fees	5.4	4.9	4.7	5.0
Acquisition Costs	25.0	25.0	25.0	26.5
Expected Loss and Loss Adj. Ratio	54.6	55.0	56.3	47.5

Since almost all insurers actively engaged in the multiple lines insurance business have requested a time extension to comply with the provisions of the rule, we have considered appropriate to grant such extension to all insurers affected by the rule. Therefore, we are hereby extending the period to comply with the provisions of Rule XL, as amended, until February 28, 1983.

Thus, all multiple lines programs on file as well as all new and renewal multiple lines policies issued, after March 1, 1983, shall be in full compliance with the provisions of this circular letter and Rule XL of the Regulation of the Insurance Code of Puerto Rico.

Cordially yours,

A handwritten signature in cursive script that reads "Juan Antonio García". The signature is written in dark ink and is positioned above the printed name and title.

Juan Antonio García
Commissioner of Insurance