



COMMONWEALTH OF PUERTO RICO

## OFFICE OF THE COMMISSIONER OF INSURANCE

Circular Letter No. AM-I-9-980-84

November 16, 1984

TO ALL PROPERTY AND CASUALTY INSURERS AUTHORIZED TO TRANSACT  
INSURANCE BUSINESS IN PUERTO RICO

Subject: 1. Compliance with the maximum  
commission payment limitation  
contained in Sections 12.130 and  
27.100 of the Insurance Code of  
Puerto Rico  
2. List of the private passenger  
automobile insurance rate devia-  
tions in force

Dear Sirs:

Sections 12.130 and 27.100 of the Insurance Code of Puerto Rico prohibit that insurers pay or charge commissions in excess of the maximum allowance for commissions contained in the rate filing approved by this Office or in excess of the maximum allowance for commissions fixed by the Commissioner of Insurance. The provisions of these sections became effective on June 4, 1983, and affect all rate filings which have been approved by this Office after said date.

As yet, we have not exercised our power to fix commissions as contained in the aforementioned sections of the Insurance Code of Puerto Rico, except in the case of Automobile Single Interest insurance, the commissions of which were fixed at 6% through an order approving the corresponding filing. Presently we do not intend to use, nor do we envision using in the foreseeable future, said power, unless critical circumstances, adversely affecting the public interest, warrant the use of the same.

Thus, in all other lines of insurance, the maximum commission payment limitation is being enforced through the approval of the corresponding filing containing the maximum commission allowance as required by Section 12.040(1)(d) of the Insurance Code of Puerto Rico. In these instances, insurers themselves, or the corresponding rating bureau, on behalf of the insurers, are the

ones who are setting the maximum commissions payable by fixing in the filing submission the maximum production costs allowance which they deem appropriate and acceptable.

The following is a list of the maximum production costs percentage allowance (containing the commission percentage) fixed by the corresponding filing submitted by the the Insurance Services Office, Inc., and approved by this Office after June 4, 1983:

<u>Filing</u>	<u>Production Costs Allowance</u>
1. Filing GL-84-TPRDI Products/Completed Operations	25.0%
2. PP-81-1 Private Passenger Automobile Physical Damage Rate Revision	20.0
3. BM-83-RLAI Boiler and Machinery Rate Revision	25.0
4. CR083-RLAI Burglary Rate Revision	25.0
5. G-83-RLAI Glass Rate Revision	26.0
6. CM-84-RLAI Commercial and Farm Inland Marine Rule Revision	20.0

Shortly we will contact each insurer to whom, according to our records, we have approved an independent rate filing after June 4, 1983, in order to clarify all matters concerning the maximum allowance for commissions to be paid under said filing.

We also take this opportunity to inform the insurance industry the downward rate deviations we have approved to insurers for use with private passenger automobiles insurance business, and which are in force as of the date of this letter. The following is a list of such deviations:

<u>Insurer</u>	<u>Downward rate Deviation in %</u>	<u>Maximum Commission in %</u>
1. Allstate Insurance Co. Bodily Injury, Property Damage, Medical Payments, Comprehensive, Collision and Uninsured Motorists	-15.0	20.0%*

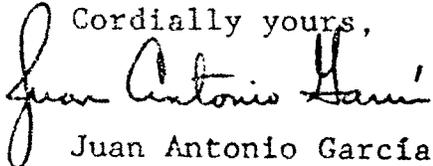
2.	United Services Automobile Assoc. Bodily Injury, Medical Payments, Comprehensive and Collision	-20.0	20.0*
3.	Preferred Risk Insurance Co. Bodily Injury, Property, Damage Medical payments, Uninsured Motorists, Comprehensive and Collision	-20.0	15.0*
4.	Antilles Insurance Company Bodily Injury, Property Damage, and Medical Payments Comprehensive and Collision	-15.0 -20.0	20.0
5.	Dependable Insurance Company Bodily Injury, Property Damage, Medical Payments, Comprehensive and Collision	-20.0	15.0
6.	Richport Insurance Company Bodily Injury, Property Damage Medical Payments, Comprehensive and Collision	-20.0	10%
7.	Cooperativa de Seguros Múltiples de Puerto Rico Bodily Injury, Property Damage, and Physical Damage		
	a) Government Employees and Retired government employees	-20.0	20.0*
	b) Members of credit union	-15.0	20.0*
	c) Individuals	-10.0	20.0*
8.	Vigilant Insurance Company Automobile Liability and Physical Damage	-20.0	20.0*

\* Deviations approved prior to June 4, 1983

The foregoing list does not include mass merchandising plans, deviated rates approved for use with policies combining the interest of a lender and the purchaser of financed automobiles and special filings containing a single deviated rate for comprehensive and collision coverages.

Strict compliance with the maximum production costs allowance and with the application of the deviations, contained herewith, is hereby required. Departures from the maximum limits established in the approved filings and deviations, without the previous approval of this Office, will be severely penalized.

Cordially yours,

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

Juan Antonio Garcia  
Commissioner of Insurance