



COMMONWEALTH OF PUERTO RICO

OFFICE OF THE COMMISSIONER OF INSURANCE

Circular Letter No. AM-I-6-1062-86
June 27, 1986

TO ALL INSURERS AUTHORIZED TO TRANSACT MULTIPLE LINE
INSURANCE BUSINESS IN PUERTO RICO

Subject: Special Multiperil Policy
Program (SMP) Package
Modification Factors
Deviation

Dear Sirs:

Effective July 1, 1986, this Office issued an order withdrawing all approved SMP package modification factors deviations conditioned to the following:

1. Package modification factors revisions approved by this Office to the Insurance Services Office, Inc., without modification shall be used thereafter.
2. Insureds shall be granted a discount based on savings due to the packaging of coverages.

To such effect, we requested the submission of the corresponding filing prior to May 31, 1986. Nevertheless, as of the effective date of this circular letter, no insurer has complied with the filing requirement of said order.

Due to the fact that no insurer complied with the mentioned filing requirement, this Office has determined that the provisions of the orders withdrawing package modification factors deviations which will become effective on July 1, 1986, shall be in full force and effect and the insurers must use thereafter the package modification factors approved to the Insurance Services Office, Inc.

However, considering that the sudden withdrawal of the approved deviations will have an impact of, at most, 42.9% increase in the SMP premium, effective July 1, 1986, we hereby grant the option to such insurers to use the package modification factors recommended in this circular letter, provided that the corresponding filing is made with this Office.

Thus, in lieu of the SMP package modification factors approved to the insurance Services Office, Inc., members and subscribers of said rating organization may use the following package modification factors (PMF):

I. Apartment risks only including condominiums-all sections	.70
II. All other commercial risks except apartments	
A. Applicable to Section I only	
Program	PMF
Motel /Hotel	.95
Office	.70
Mercantile	.70
Institutional	.70
Services	.70
Industrial and Processing	.95
Contractors	.70
B. Applicable to Sections II and III only	
Program	PMF
Motel/Hotel	1.00
Office	1.00
Mercantile	1.00
Institutional	1.00
Services	1.00
Industrial and Processing	.90
Contractors	1.00
C. Applicable to Section IV only	
Program	PMF

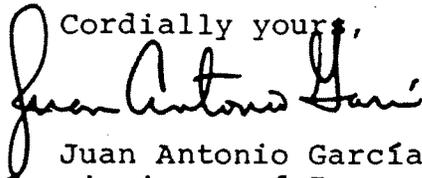
Motel/Hotel	.90
Office	.90
Mercantile	.90
Institutional	.90
Services	.90
Industrial and Processing	.90
Contractors	.90

Please note that, according to the contents of this circular letter, the approved deviations are terminated effective July 1, 1986. However, this Office is giving the option to insurers to elect to use the above recommended package modification factors or the factors presently approved to the Insurance Services Office, Inc.

Those insurers electing to use the package modification factors recommended in this circular letter may commence using them effective July 1, 1986, and within thirty (30) days after the date of this circular letter request from the Commissioner the approval of such factors effective July 1, 1986.

Independent insurers may also use and request approval of the recommended factors as outlined herein. Otherwise, we will proceed with the subsequent disapproval of existing factors if no filing justifying such approved package modification factors is submitted to this Office.

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

Cordially yours,

Juan Antonio García
Commissioner of Insurance