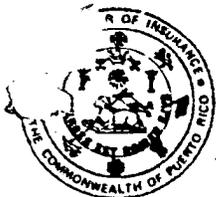


**OFFICE OF THE COMMISSIONER OF INSURANCE**



Circular Letter No. AM-I-12-1029-85

January 28, 1986

**TO ALL RATING ORGANIZATIONS, INSURERS, GENERAL AGENTS AND  
MANAGERS OF FOREIGN INSURERS, AUTHORIZED TO TRANSACT  
PROPERTY AND/OR CASUALTY INSURANCE IN PUERTO RICO**

**Subject: Effective date for the  
Application of Section  
8(e) of Rule XL of the  
Regulation of the Insur-  
ance Code of Puerto Rico**

Dear Sirs:

This Office hereby implements the provisions of Section 8(e) of Rule XL of the Regulations of the Insurance Code of Puerto Rico effective July 1, 1986, for all new and renewal business written after said date, subject to the following conditions:

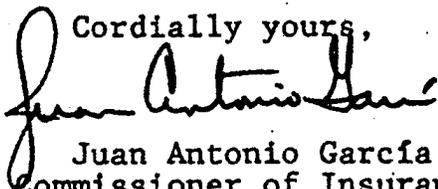
1. There shall be a gradual elimination of the maximum schedule credit granted under all existing approved rating plans or manual rules either approved on an independent basis or as a rating plan or manual rule deviation, applicable to either monoline policies or to multiple line policies or endorsements.
2. The total schedule credit provided shall be eliminated in its entirety past two (2) twelve-months periods after the effective date of this circular letter.
3. Beginning on July 1, 1986, the maximum credit to be granted shall be 25%; beginning on July 1, 1987, said maximum credit shall be 10%; beginning on July 1, 1988, there shall be no credit granted thereafter.
4. No schedule debit shall be applied to windstorm or extended coverage or earthquake coverage rates beginning on July 1, 1986.

In order to comply with the provisions of Section 8(e), all existing approved deviations or independent filings need to be amended or timely withdrawn. All such filings and deviations are hereby deemed amended to comply with this circular letter. However, said filings and deviations must be physically submitted to this Office duly amended or the corresponding withdrawal petition must be submitted to this Office, for consideration and approval, not later than May 1, 1986. Failure to submit the required amendment or withdrawal petition as aforesaid indicated shall not exonerate the members or subscribers of the rating organizations or the insurers from complying with the provisions of this circular letter on the effective date set forth in paragraph 1.

Failure to submit the required amendment or withdrawal petition on or before May 1, 1986, shall be considered as violation to this circular letter. The use, after July 1, 1986, of schedule credits or debits with windstorm insurance rates or extended coverage rates or earthquake rates, contrary to the provisions of this circular letter, shall be considered as a violation of Section 12.050 of the Insurance Code of Puerto Rico. Policies so issued shall be amended accordingly.

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

Cordially yours,



Juan Antonio Garcia  
Commissioner of Insurance