



OFFICE OF THE COMMISSIONER OF INSURANCE

April 27, 1995

Circular Letter No. E-4-1389-95

TO ALL INSURERS AUTHORIZED TO TRANSACT PROPERTY AND CASUALTY INSURANCE BUSINESS IN PUERTO RICO WHICH HAVE RENOUNCED TO RECOVER THE ASSESSMENTS PAID ON ACCOUNT OF LIQUIDATION PROCEEDINGS COMMENCED PRIOR TO AUGUST 17, 1991

Subject: Clarification of Various Items Contained in Circular Letter No. E-2-1375-95 of April 5, 1995

Gentlemen:

This Office has received various inquiries regarding the proper interpretation of **Circular Letter No. E-2-1375-95** of April 5, 1995 ("the Circular Letter").

The following are our observations concerning said inquiries:

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Comments

1.
 - a. The term "policies" includes master policies and the individual certificates of insurance issued under said master policies.
 - b. The Circular Letter applies to installment premiums of multiple years policies which become due after the effective date of the former, subject to the conditions of the applicable filings or deviations approved by this Office, pursuant to which the policies were issued. Said circular letter also applies to additional premium endorsements.
 - c. At the request of various insurers, the effective date of the Circular Letter is modified as follows:

June 1, 1995, for new policies and additional premium endorsements; and

July 1, 1995, for renewal and installment premium.

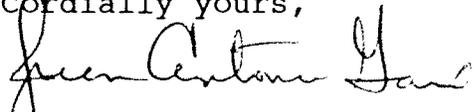
2. Pursuant to Sections 38.030 and 38.160 of the Insurance Code of Puerto Rico, the recoveries apply to all policies except the ones belonging to the following classes of insurance: life, disability, mortgage loan insurance, financial guaranty, surety (except fidelity insurance covering public employees), warranty insurance, title insurance and ocean marine insurance.
3. The term "premiums written" as used in the Circular Letter refers to "direct net premium written" as defined in Section 38.050(9) of the Insurance Code of Puerto Rico.
4. a. The mandatory endorsement provided for in the Circular Letter must be attached to the master policies and certificates to which recoveries apply. As an alternative, the following text or its equivalent Spanish official version may be inserted in the certificate itself in lieu of attaching the mandatory endorsement to the individual certificate:

"The total amount charged for this certificate includes, in addition to the premium, an amount determined by the Commissioner of Insurance of Puerto Rico for the purpose of recovering the unreimbursed assessments paid by the Company to the Puerto Rico Property and Casualty Insurance Guaranty Association. The portion paid, but not yet earned, of said amount will be returned in the event this certificate is canceled."

b. A facsimile signature of the president of the insurer may be used in lieu of an original signature in the mandatory endorsement provided for in the Circular Letter.
5. At the option of the insurer, the reserve for the unearned portion of the amounts recovered may be included on page 3, line 20, "Aggregate write-ins for liabilities", of the annual statement. If this option is selected, said unearned amount should be included in line 2001, 2002 or 2003 of said page 3 with the following description: "Unearned portion of amounts recovered pursuant to Section 38.160 of the Insurance Code of Puerto Rico."

Please do not hesitate to contact us, if you have any questions regarding the above.

Cordially yours,



Juan Antonio García
Commissioner of Insurance