



COMMONWEALTH OF PUERTO RICO

## OFFICE OF THE COMMISSIONER OF INSURANCE

December 18, 1987

Ruling No. N-AM-III-11-07-87

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

Subject: Amendment to Circular  
Letter AM-I-5-1089-87  
of June 1, 1987

Dear Sirs:

Circular Letter No. AM-I-5-1089-87 of June 1, 1987, amended Circular Letter No. AM-I-12-1029-85 of January 28, 1986, outlining therein a gradual elimination of the maximum credit to be granted on windstorm, extended coverage and earthquake perils on account of schedule rating plans.

As you are all well aware, the insurance industry is about to implement, beginning on January 1, 1988, major rules, rates and forms revisions in the most important lines of commercial insurances. The most affected lines by the impact of rates increases will be the commercial multiple line policies, due to the fact that monoline rates are used to develop the premiums of the coverages contained in these policies.

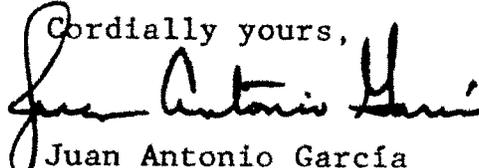
Since we have no way to anticipate the impact of rate increases over individual policies, this Office considers that effective as of January 1, 1988, the gradual elimination of schedule discounts should be postponed until further notice. Thus, the gradual elimination of said discounts contained in Circular Letter No. AM-I-5-1089-87 of June 1, 1987, will be frozen effective on January 1, 1988.

Therefore, beginning on January 1, 1988, and thereafter until further notice, the maximum credit applicable to the perils

mentioned hereinbefore will remain at 25%. Please do not submit for our consideration and approval amendments to the rating plan on file in this Office until this Office has taken a final position with regard to the effective date of the next reduction.

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

Cordially yours,

A handwritten signature in cursive script, appearing to read "Juan Antonio García". The signature is written in dark ink and is positioned above the typed name.

Juan Antonio García  
Commissioner of Insurance