



COMMONWEALTH OF PUERTO RICO

OFFICE OF THE COMMISSIONER OF INSURANCE

February 1, 1989

Ruling No. N-AM-III-12-27-88

TO THE MEMBERS AND SUBSCRIBERS INSURERS OF
INSURANCE SERVICES OFFICE, INC.

Subject: Commissions that insurers must
pay under Filings CA85-BSIRI and Filing
CA86-BSIRI - Automobile Single Interest
Insurance

Dear Sirs:

This Office has received various inquiries in connection with the approval of Act No. 78 of July 2, 1987 and the payment of commissions under Automobile Single Interest Insurance. As you well know, the provisions of said Act must be taken into consideration for the payment of commissions under the aforementioned line of insurance.

Pursuant to Section 27.160(6) of the Insurance Code of Puerto Rico, as amended by Act No. 78, no person shall willfully or knowingly require as a condition to or in connection with any loan or the purchase or deposit of any property under a contract, that the premium for insurance except guaranty bonds, covering against willful acts of the vendee, depository or borrower or his representative and provided on account of such loan, purchase or deposit of property securing such loan or the subject of such contract, be paid by the vendee, depository or borrower.

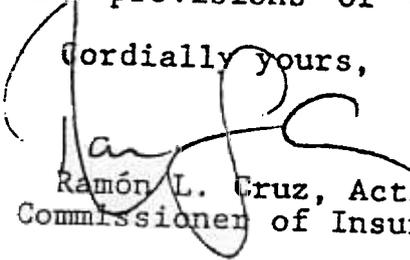
As a result of Act No. 78, single interest automobile insurance policies whose premiums are to be paid by the purchaser of the automobile may not be issued with conversion, embezzlement or secretion coverage. Since the current commission for single interest automobile insurance is the one included in Filing CA86-BSIRI Revision of Single Interest Rates - Conversion approved by this Office effective on January 1, 1987, a different commission level must be applied to those policies issued without conversion coverage. Such commission must be the one in effect under Filing CA85-BSIRI, approved prior to Filing CA86-BSIRI.

In view of the above, the commissions that insurers must pay under Automobile Single Interest Insurance must be as follows:

1. Policies issued including conversion, embezzlement or secretion coverage 4.0%
2. Policies issued without conversion embezzlement or secretion coverage 4.8%

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

Cordially yours,



Ramón L. Cruz, Acting
Commissioner of Insurance