



COMMONWEALTH OF PUERTO RICO

## OFFICE OF THE COMMISSIONER OF INSURANCE

IN REPLY PLEASE  
REFER TO:

February 27, 1989

Ruling No. N-AM-I-2-29-89

TO THE MEMBER AND SUBSCRIBER INSURERS OF  
INSURANCE SERVICES OFFICE, INC.

Subject: 1. Amendment of the last paragraph of Ruling No. N-AM-III-12-27-88 of February 1, 1989.  
2. Clarification of the maximum commission that may be paid under the Commercial Package Policy Program.

Dear Sirs:

This Office has received various inquiries in connection with the proper interpretation of the last paragraph of Ruling No. N-AM-III-12-27-88 of February 1, 1989, with respect to the percentage of commissions insurers are obligated to pay to their producers.

Regarding this matter, sections 12.130(3), 26 LPRA sec. 1213(3) and 27.100(5), 26 LPRA sec. 2710(5) of the Insurance Code of Puerto Rico, states the following:

Section 12.130(3)

"No insurer, insurance agent, licensed insurance broker, solicitor, employee or other representative of an insurer shall charge, demand, receive or pay commissions on a policy, in excess of the maximum commissions fixed by the filing of approved rates or the maximum commissions fixed by the Commissioner. The Commissioner, from time to time, will notify the insurers and other insurance-related personnel of the maximum concessions for commissions then in effect."

Section 27.100(5)

"No insurer, agent, broker,

(5) Commissions on a policy in excess of the maximum commission fixed by the approved rating classification filed for the class, or subdivision, of the corresponding type of insurance, or in excess of the maximum commission fixed by the Commissioner for such type of subdivision."

Please note that the provisions of said sections prohibits the payment by insurers of commission levels in excess of the maximum commission levels contained in the filing approved or the commission level expressly fixed, by the Commissioner of Insurance. Such provisions does not prohibit that insurers pay any commission level up to the maximum commission levels fixed by the approved filing or by the Commissioner of Insurance.

Thus, the last paragraph of Ruling No. N-AM-III-12-27-88 of February 1, 1989, is hereby amended in order to clearly express the intention of the quoted provisions:

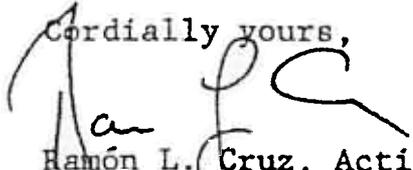
"In view of the above, the maximum commissions that insurers may pay under Automobile Single Interest Insurance shall be as follows:

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

We have also received numerous inquiries as to the commission levels that insurers may pay using the Commercial Package Policy Program approved to the Insurance Services Office, Inc. Please, also, note that regarding this specific type of business, insurers may pay commissions up to 25.0%, the maximum commission permitted by the corresponding filing approved by the Commissioner of Insurance.

Payment of commissions in excess of the percentages stated herein for an automobile single interest physical damage insurance policy or certificate or for a commercial package insurance policy, is in violation of the provisions of the Insurance Code of Puerto Rico mentioned above.

Strict compliance with this ruling is hereby requested.

Cordially yours,  
  
Ramón L. Cruz, Acting  
Commissioner of Insurance