



COMMONWEALTH OF PUERTO RICO

OFFICE OF THE COMMISSIONER OF INSURANCE

February 12, 1993
Ruling No. N-AM-I-1-1295-93

To all Rating Organizations, to all Domestic and Foreign Insurers
Authorized to Transact Property Insurance in Puerto Rico
and to all General Agents and Managers of said Foreign Insurers

Subject: Amendment to Ruling
No. N-AM-III-11-07-87
of December 18, 1987

Dear Sirs:

As you know, Circular Letter No. AM-I-12-1029-85 of January 28, 1986, implemented the provisions of Section 8(e) of the Regulations of the Insurance Code of Puerto Rico by outlining a gradual elimination of the schedule rating plans or manual rules applicable to the perils of windstorm and earthquake written on an individual basis or in combination with other perils.

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

Nevertheless, Ruling No. N-AM-III-11-07-87 of December 18, 1987, postponed the gradual elimination of the schedule discounts until further notice. As a result of this action, since January 1, 1988, the maximum credit applicable to the perils mentioned herein remained at 25%.

Taking into consideration the present conditions of the property insurance market, it is our opinion that the elimination of the schedule discounts applicable to the perils of windstorm, extended coverage and earthquake should be continued. The schedule credit shall be gradually eliminated as follows:

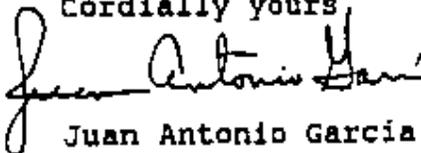
<u>Period beginning on</u>	<u>Maximum Credit Allowed</u>
July 1, 1993	15%
July 1, 1995 and thereafter	No credit

Nevertheless, insurers may advance the effective date of the aforesaid periods, or reduce the maximum credit established above. Each insurer seeking a different pattern of elimination of the schedule discount must inform this Office the pattern selected within the next thirty (30) days from the date of this letter. If no different pattern is presented to this Office, we will assume that the selected pattern presented above is the one selected.

We wish to remind you that pursuant to the provisions of Circular Letter No. AM-1-12-1029-85 no schedule debit shall be applied to windstorm or extended coverage or earthquake rates.

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

Cordially yours,



Juan Antonio Garcia
Commissioner of Insurance