



COMMONWEALTH OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF INSURANCE

IN YOUR ANSWER,
PLEASE REFER TO:

December 7, 2006

RULING LETTER NO.: C-AM-12-1765-2006

TO ALL INSURERS AUTHORIZED IN PUERTO RICO TO UNDERWRITE ALL KINDS OF INSURANCE, EXCEPT LIFE AND DISABILITY INSURANCE, AND TO ALL MANAGERS, GENERAL AGENTS, AGENTS AND INSURANCE BROKERS

EFFECT OF THE PROVISIONS OF RULING LETTERS N-AM-11-10-2001 AND N-AM-5-37-2003 ON THE SUSPENSION OF RATE FILING REQUIREMENTS FOR CERTAIN CLASSES, SUBDIVISIONS OR COMBINATIONS OF INSURANCE, INCLUDING INSURANCE FOR COMMERCIAL PROPERTY FOR OCEANFRONT CONDOMINIUMS, PURSUANT TO ARTICLE 12.080 OF THE PUERTO RICO INSURANCE CODE

Dear Sirs and Madams:

On December 21, 2001, the Office of the Insurance Commissioner of Puerto Rico ("OIC") issued Ruling Letter N-AM-11-10-2001, suspending rate filing requirements for certain classes, subdivisions or combinations of insurance listed therein. Subsequently, on May 30, 2003, Ruling Letter N-AM-5-37-2003 was issued for the purpose of amending the aforementioned Ruling Letter to include property insurance for oceanfront condominiums as one of the subdivisions for which the rate requirements for the class were to be suspended. The effective dates of the provisions of both Ruling Letters originally expired on December 31, 2003. Last year, in Ruling Letter N-AM-12-70-2005 dated December 21, 2005, these provisions were once again extended for an additional year, that is to say until December 31, de 2006.

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With a view to making a final decision regarding the desirability of maintaining the suspension of the rate filing requirements for these cases, subdivisions or combinations of insurance, we have included the evaluation of the impact the suspension of the rate filing requirements has had on the insurance market and consumers in the revision of the Puerto Rico Insurance Code that the Office of the Commissioner of Insurance is currently collaborating on with the insurance industry and the Inter American University of Puerto Rico Law School. Therefore, we are hereby extending the effective dates of said Ruling Letters to **December 31, 2007**. Notwithstanding the above, we advise you that the OIC may at any time reinstate the rate filing requirements for these classes of insurance, if said evaluation showed that this decision was warranted for the protection of the public interest.

We reiterate that the suspension of the rate filing requirements for Commercial Property Insurance for Oceanfront Condominiums is limited to the condominiums defined in Ruling Letter N-AM-5-37-2003 as oceanfront condominiums, in other words, those that are located at no more than 1,000 feet from the seaside. We also reiterate that no increase of more than 170% of the manual premium for Group I, Group II, Special Risks and Earthquakes may be applied to coverage for oceanfront condominiums as defined in said Ruling Letter. Insurers who use such a rate to calculate premiums for condominiums that do not qualify as "oceanfront condominiums", as defined in the above Ruling Letter, will be subject to severe sanctions.

All of the provisions in the aforementioned Ruling Letters remain in full force and effect, except as regarding their effective dates. We remind you that the provisions of these Ruling Letters only exempt you from the rate filing requirement, not from manual rules or insurance forms. Therefore, you are required to comply strictly with all the remaining provisions of the Puerto Rico Insurance Code, especially with Sections 12.150, 12.320, 27.080, 27.090, and 27.100 of the Code, regarding the requirements for statistical reports, submission of policies for audit by the rating organization, and the prohibition of unfair differentiation and illegal discounts and incentives, respectively.

Very truly yours,

SIGNED

Dorelisse Juarbe-Jiménez
Commissioner of Insurance