



COMMONWEALTH OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF INSURANCE

July 17, 2008

RULING LETTER NO.: 2008-91-AP

TO ALL THE INSURANCE COMPANIES IN THE ISLAND AUTHORIZED TO TRANSACT PROPERTY AND CONTINGENCY INSURANCE IN PUERTO RICO AND ALL RATING ORGANIZATIONS, GENERAL AGENTS, AND MANAGERS

AMENDMENT TO THE EFFECTIVE DATE ESTABLISHED BY RULING LETTER NO. 2008-90-AP DATED JUNE 18, 2008

Dear Sirs and Madams:

On June 18, 2008, the Office of the Commissioner of Insurance (OCI) issued Ruling Letter No. 2008-90-AP, which established that payment for compensation of general agents shall continue to be part of the portion that is attributable to Production Costs in the premium dollar distribution, and that insurers shall pay compensation to the general agents from the Total Production Costs item, in accordance with the premium dollar distribution approved for the rating organization or the insurer, under any independent filing with this Office.

Additionally, it was established in said letter that until it is demonstrated to the OCI that the payment of up to 6.5% of the premium as compensation for the general agent is unreasonable, said portion shall continue to be the maximum amount that an insurer may pay a general agent for work performed in any insurance transaction, and that any compensation that is additional to the compensation that has been calculated and authorized, as provided in Article 9.062 of the Puerto Rico Insurance Code, which the insurer is to pay to a general agent, must be made pursuant to the provisions of Rule 84 of the Regulations of the Puerto Rico Insurance Code, as amended. Said Ruling Letter became effective on July 1, 2008.

In light of the issuance of this regulation, it was brought to our attention that some insurers were experiencing difficulties in applying the standard established in that letter to business which had already been renewed or negotiated on the date of issuance of the Ruling Letter. To address this situation, we have decided to postpone the application of the provisions of Ruling Letter 2008-90-AP until September 1, 2008. This means that the provisions of the letter shall apply to every policy whose effective date is on or after **September 1, 2008**, whether a new policy or a renewal.

No provision of this Ruling Letter shall be interpreted to have the effect of modifying the standard established in Ruling Letter 2008-90-AP, except for the effective date of said letter.

Strict compliance with the guidelines of this Ruling Letter is required.

Very truly yours,

SIGNED

Dorelisse Juarbe Jiménez
Commissioner of Insurance