



GOVERNMENT OF PUERTO RICO  
**OFFICE OF THE COMMISSIONER OF INSURANCE**

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December 28, 2010

**RULING LETTER NO. 2010-119-AP**

TO ALL INSURERS AUTHORIZED TO TRANSACT PROPERTY AND CASUALTY  
INSURANCE IN PUERTO RICO AND ALL GENERAL AGENTS AND MANAGERS

**COMPENSATION FOR GENERAL AGENTS**

Dear Sirs and Madams:

The role played by general agents in providing services to the insured has persisted during the countless changes our industry has experienced in the past decades. General agents continue to add value for insurers and insurance producers, as well as for consumers of insurance. With a view to distinguishing and recognizing the contribution and importance of this role, on August 25, 2000, this Office issued Ruling Letter CA-8-1576-2000, which provided that in the premium dollar distributions that were filed with this Office, compensation for general agents that was traditionally included in the portion itemized as production costs (Acquisition Costs), should be itemized as administrative costs. It was further provided that this Office would not consider that compensation of 6.5% for general agents to be excessive.

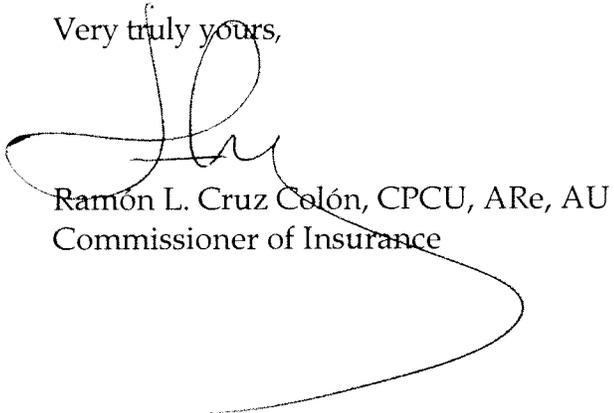
Meanwhile, in Ruling Letter No. 2008-90-AP, dated June 18, 2008, this Office repealed the aforementioned Ruling Letter. However, this Office provided that the maximum compensation to be paid to a general agent would be 6.5% of the premiums.

With a view to ensuring that compensation for general agents be paid according to the provisions of Section 9.062 of the Puerto Rico Insurance Code, all property and casualty insurers authorized to do business in Puerto Rico must provide this Office with information regarding compensation levels, showing the premium dollar distribution portion assigned to compensation of general agents, under Total Acquisition. The information should be submitted by insurance class or subdivision, within sixty (60) days, from the date of this Ruling Letter. We emphasize that that any such payment

made to an individual who does not hold a license as a general agent will be considered a violation of Section 27.100 of the Puerto Rico Insurance Code.

Strict compliance with the provisions of this Ruling Letter is required, and Ruling Letter No. 2008-90-AP, dated June 18, 2008 is hereby repealed.

Very truly yours,



Ramón L. Cruz Colón, CPCU, ARe, AU  
Commissioner of Insurance