



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

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June 7, 2013

RULING LETTER NO.: CN-2013-152-SR

TO ALL LIFE AND DISABILITY INSURERS, LIFE INSURERS AND ALL LIFE INSURANCE PRODUCERS AND AUTHORIZED REPRESENTATIVES, INCLUDING THOSE WITH LIMITED LICENSES

**LIFE INSURANCE THAT MAY BE TRANSACTED WITH LIMITED LICENSES**

Dear Sirs and Madams:

Section 9.141 of the Puerto Rico Insurance Code, 26 L.P.R.A. sec. 950e, provides that the Commissioner of Insurance has the authority to issue limited licenses and identifies the insurance that may be transacted with such licenses. Paragraph 4 of that Section provides that a person holding a limited license may transact certain kinds of coverage that qualifies as life insurance. Specifically, said paragraph 4 states that it will be life insurance "...which is traditionally transacted through a debit system (home services), such as: funeral policies, natural death and accident."

The standard set forth in Section 9.141(4) must be clarified in terms of distinguishing which insurance products may be sold with a limited license and those that require a producer or authorized representative license for life insurance.

As a general rule, the Puerto Rico Puerto Rico Insurance Code requires that life insurance be placed through producers or authorized representatives who are licensed to transact life insurance. The requirements for obtaining such licenses provide certain guarantees in terms of knowledge and integrity that are vital for the protection of insurance consumers who are purchasing a complex product such as life insurance. As an exception to this general rule, Section 9.141(4) of the Puerto Rico Insurance Code, *supra*, allows for certain insurance to be transacted by authorized representatives who hold limited licenses, even when the requirements for obtaining such limited license are not so stringent. Considering the difference in the requirements for obtaining one or the other kind of license, we must clearly define the scope of the business that is permitted under a limited license.

As we cited above, Section 9.141(4) provides that an authorized representative who holds a limited license may place funeral, natural death, and accident policies that are traditionally transacted through the debit system. Insurance that is transacted through a debit system may be differentiated from insurance that is transacted using other methods by the following features: the cost, the limits, and the method used in the transaction. Other life insurance that is not transacted traditionally through a debit system may not be placed by representatives holding limited licenses.

The debit or “home services” system has the purpose of making certain kinds of insurance accessible to a population that traditionally does not have access to such products because of the absence of a producer who could transact and collect on the insurance through door-to-door visits. So-called debit or “home services” insurance is insurance for which the premium is collected weekly, every two weeks, or monthly, usually at the insured’s residence, and is principally directed at low-income families. Therefore, the premium for this kind of insurance is considerably lower than for policies that are transacted under the traditional method.

Considering the purpose of Section 9.141(4) of the Puerto Rico Insurance Code, *supra*, the nature of the debit system referred to in that section and the less stringent requirements of a limited license, it is provided by this letter that the limit of coverage for funeral, natural death, and accident policies that may be transacted by an authorized representative who holds a limited license may not exceed \$25,000.

Strict compliance with the provisions of this Ruling Letter is hereby ordered.

Very truly yours,

SIGNED

Ángela Weyne-Roig  
Commissioner of Insurance