



COMMONWEALTH OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF INSURANCE

June 7, 2013

RULING LETTER NO.: CN-2013-153-AP/AV

**TO ALL INSURERS, HEALTH SERVICES ORGANIZATIONS, GENERAL AGENTS,
MANAGERS, PRODUCERS, AND AUTHORIZED REPRESENTATIVES**

PREMIUM PAYMENTS THROUGH CREDIT AND DEBIT CARDS

Dear Sirs and Madams:

On August 28, 2012, this Office issued Ruling Letter No. 2012-146-D, revoking Ruling Letter No. N-L-12-38-2003, dated December 2, 2003, and Ruling Letter No. N-C-2-84-97, dated February 26, 1997. These ruling letters established the conditions for paying for insurance policies or annuity contracts through credit or debit cards. At that time it was considered that revoking the letters was warranted since the guidelines set forth in the letters are covered by the Puerto Rico Insurance Code and its Regulations, as well as being according to customary business practices.

After the revocation of these letters, it has become evident that there is a need for clear and specific guidelines for carrying out this kind of transaction. Therefore, in this Ruling Letter we are reiterating and indicating below the minimum conditions for paying for an insurance policy or annuity contract through credit or debit cards.

1. Premium charged to a credit or debit card must have been previously approved by this Office and may not carry surcharges or discounts for the insured. The bank or institution that issues the card must forward the funds paid in an amount that is equivalent to the premium approved by our Office, less a pre-agreed transaction fee for payments made using a card, all of which is subject to the terms and conditions that are generally applicable to this kind of transaction. The balance of the bank accounts where the licensees of this Office deposit the premium funds must reflect the premium as approved by this Office less the fee described in this letter.

2. The solicitation, offer, marketing or sale of an insurance policy or annuity contract may not be subject to or conditioned on having the insured use a specific credit or debit card or a card issued by any entity in particular.

3. As part of the process of accepting and processing any premium payment through a credit or debit card, neither the entity that issues the card, nor its representatives or employees may perform actions that constitute contracting or transacting insurance business as defined in Section 1.050 of the Puerto Rico Insurance Code, 26 L.P.R.A. sec. 105. In addition they might neither solicit nor receive from any licensee of this Office or from any other person, monetary or any other kind of incentive or emolument by reason of the insurance transaction or annuity, except for the pre-agreed transaction fee for the use of the card.

4. Any person or entity licensed by this Office that participates in these transactions shall keep in their business records an exact itemization of the premium collected through debit or credit cards and the corresponding charges for each transaction through credit or debit cards.

You are advised that accepting or allowing the use of payment of premium through credit or debit cards, while failing to comply with one or more of the above conditions, will constitute a violation of Sections 9.061, 12.130, and 27.100 of the Puerto Rico Insurance Code, 26 L.P.R.A. secs. 949j, 1213, and 2710, among others, as applicable.

This Ruling Letter revokes and replaces Ruling Letter No. 2012-146-D, dated August 28, 2012, Ruling Letter No. N-L-12-38-2003, dated December 2, 2003, and Ruling Letter No. N-C-2-84-97, dated February 26, 1997.

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

Very truly yours,

SIGNED

Ángela Weyne-Roig
Commissioner of Insurance