



COMMONWEALTH OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF INSURANCE

March 14, 2013

RULING LETTER NO.: CN-2014-173-AP

TO ALL ADVISORY ORGANIZATIONS AND ALL INSURERS MEMBERS AND SUBSCRIBERS OF ADVISORY ORGANIZATIONS AUTHORIZED TO TRANSACT INSURANCE BUSINESS IN PUERTO RICO

CLARIFICATION OF RULING LETTER NO. CN-2013-164-AP DATED DECEMBER 11, 2013

Dear Sirs and Madams:

We have received several inquiries regarding Ruling letter No. CN-2013-164-AP issued by our Office on December 11, 2013. The Office of the Commissioner of Insurance hereby notifies all interested parties clarification of the standards to be followed when submitting filings to this Office.

Ruling letter No. CN-2013-164-AP states that insurers must use the last version of any program approved to a rating organization and discontinue the use of independent filings including forms, when the rating organization has filed and obtained approval by this Office of a new version of the program. Therefore, insurers must cease the use of any proprietary endorsement approved by our Office, in relation to a prior version of any rating organization's program since the endorsement may not necessarily coincide or be compatible with the new version of the program. It is further clarified, that insurers may have independent/proprietary endorsements provided their clauses and conditions do not change the core of the risk intended to be assumed in the general coverage of the contract (rating organization's program), or are not inconsistent with it.

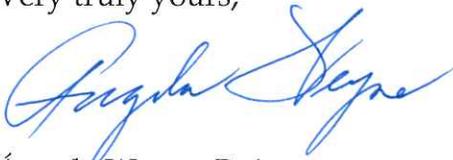
An insurer may deviate from a rating organization's filings in accordance with Rule XXIV of the Insurance Regulations and Section 12.140 of the Insurance Code of Puerto Rico. However, pursuant to these norms, rule deviations are not permitted. Section 12.140 only contemplates the filing of a uniform percentage deviation to be applied to the premiums produced by the rating system filed by the rating organization.

A rating organization files endorsements on behalf of its members. Therefore, if an insurer has a proprietary endorsements and the rating organization files an endorsement for the same purpose, the rating organization's endorsement supersedes the proprietary endorsement. Be advised that under this scenario, the insurer must cease the use of its own proprietary endorsement and instead use the rating organization's endorsement.

Finally, if an insurer has withdrawn its rating organization's filing authority, it will not be able to reference a rating organization's filing to make exceptions to it. Hence, if the insurer withdraws a rating organization's filing authority for a product or line of insurance, it will be required to file its own proprietary program with its corresponding endorsement, including the rate and rule manual. Nevertheless, some commercial lines are exempted from rate filing.

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

Very truly yours,



Ángela Weyne-Roig
Commissioner of Insurance