



COMMONWEALTH OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF INSURANCE

May 6, 2002

RULING LETTER NO. N-LE-03-16-2002

TO ALL DOMESTIC INSURERS, HEALTH SERVICES ORGANIZATIONS, NON-PROFIT INSURANCE ASSOCIATIONS AUTHORIZED TO WRITE INSURANCE IN PUERTO RICO, GENERAL AGENTS, AGENTS, AND BROKERS

Re: Interpretation of the Provisions of the Insurance Code that Regulate the Issuance of Corporate Agent and Corporate Broker Licenses

Dear Sirs and Madams:

The Office of the Commissioner of Insurance of Puerto Rico (OCI) has the ministerial duty to administer public policy on the insurance business in Puerto Rico. Consequently, this Office must interpret the Puerto Rico Insurance Code reasonably and to properly address changing circumstances.

In view of the changes that have occurred in the insurance industry as a consequence of the modernization of financial services, the OCI is forced to interpret the provisions of the Puerto Rico Insurance Code that regulate the process of issuing licenses so that legal persons, specifically corporations, may write or transact insurance in our country. Accordingly, with regard to corporate agent and corporate broker licenses the OCI is providing the following:

1. A single license will be issued in the name of the corporation, regardless of whether the corporate agent or broker has the authority to write or transact multiple kinds of insurance.
2. The names of at least two (2) of the directors of the corporation shall appear on the corporate agent or broker license. These directors shall comply with the requirements set forth in Section 9.170 of the Puerto Rico Insurance Code (in the case of the corporate agent) or in Section 9.180 of the Code, *supra*, (in the case of the corporate broker), and be authorized to transact the kinds of insurance that the corporate agent or

3. broker intends to transact. For this purpose, they must pass the corresponding examination for each kind of insurance to be transacted under the agent or broker corporate license.
4. However, persons who are not directors and who will act on behalf of the corporation by virtue of the corporate agent or broker licensee, may be designated to transact one or more specific kinds of insurance, without the need of being authorized to transact all of the kinds of insurance that the corporate agent or broker may transact.

In this case, the names of these persons shall appear on the corporate agent or broker license as a person designated to transact one or several specific kinds of insurance. These persons must comply with the requirements of Section 9.170 of the Code, *supra*, or of Section 9.180 of the Code, *supra*, and be authorized to transact the kinds of insurance for which they were designated, which requires passing the examination for that kind of insurance. It will not be necessary for them to pass the examinations for all of the kinds of insurance which the corporate agent has the authority to transact.

5. No person who has been designated to act on behalf of the corporate agent or broker with regard to a specific kind of insurance may transact or write any kind of insurance for which he or she has not been authorized by this Office.
6. Subject to the provisions of the previous paragraph, neither of the two (2) directors, nor the persons designated to act on behalf of the corporate agent or broker may transact more kinds of insurance than those that the corporate agent or broker will transact under its agent or broker corporate license.

For example, we will apply these principles to a corporation that intends to obtain a license as an agent or broker to transact life insurance, property and casualty insurance, and title insurance.

First, an agent or broker license will be issued in the name of the corporation authorizing the corporation to transact life insurance, property and casualty insurance, and title insurance.

Second, at least two (2) of the directors of the corporation must pass the examinations for life insurance, property and casualty insurance, and title insurance. In addition, their names must be shown on the corporate agent or broker license as persons who are authorized to write life insurance, property and casualty insurance, and title insurance. Finally, they must comply with all of the requirements set forth in Section 9.170 or 9.180 of the Code, *supra*.

Third, all persons who are designated to act on behalf of the corporate agent or broker with regard to life insurance must pass the examination for life insurance, although it will not be necessary for them to pass the examinations for property and casualty or title insurance. Likewise, their names must be shown on the corporate agent or broker license as persons who are authorized to transact life insurance on behalf of the corporation and they must comply

with the requirements set forth in Section 9.170 or 9.180 of the Code, *supra*.

Fourth, persons who are only designated to write life insurance may not write property and casualty or title insurance. Likewise, persons who are designated to write life and title insurance may not write property and casualty insurance.

Fifth, if the two (2) directors and the persons designated to act on behalf of the corporate agent or broker have passed the disability insurance examinations, they may not transact such insurance because the corporate agent or broker license does not authorize them to do so.

Based on the above, all domestic insurers, health services organizations, non-profit insurance associations that are authorized to transact insurance in Puerto Rico, general agents, agents, and brokers are ordered to take note of these provisions and observe strict compliance with such.

The guidelines set forth in this Ruling Letter will be effective immediately.

Very truly yours,

SIGNED

Fermin Contreras Gómez
Commissioner of Insurance