



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

November 9, 2010

CIRCULAR LETTER NO.: 2010-1812-AV

TO ALL INSURERS AND HEALTH SERVICES ORGANIZATIONS THAT WRITE HEALTH INSURANCE AND HEALTH CARE PLANS IN PUERTO RICO

CONTRACTS RELATED TO HEALTH SERVICES OF MUNICIPAL EMPLOYEES UNDER PUBLIC LAW NO. 63, ENACTED ON JUNE 21, 2010

Dear Sirs and Madams:

Public Law No. 63, enacted on June 21, 2010 ("Public Law No. 63") amended Section 8.011 of Public Law No. 81, enacted on August 30, 1991, known as the "Autonomous Municipalities Act of the Commonwealth of Puerto Rico," empowers municipalities to negotiate health insurance benefits for its employees, whether directly or through a contracted insurance producer. The benefits and agreements made under the Act will be applicable to municipal employees whose employers decide to invoke the provisions of the Act.

The provisions of Public Law No. 63 recognize the autonomy of all municipalities in the legal, economic, and administrative order and establishes that this includes the unrestricted administration of municipal assets, as well as those matters that are under municipal jurisdiction. Likewise, the law provides that the municipalities will have all the necessary and convenient powers that pertain to local governments for the performance of their purposes and functions.

Furthermore, Section 12.020(3) of the Puerto Rico Insurance Code, 26 L.P.R.A., sec. 1202(3), establishes that the Commissioner will issue rules and regulations setting forth the conditions and obligations that will afford the best protection for the public interest and also guarantee fair and reasonable treatment for insurers, with regard to the insurance that

covers the risks of the Commonwealth of Puerto Rico, its instrumentalities, entities, corporations, authorities, and municipalities.

Therefore, we have decided to release insurers and health services organizations that write health care plans in Puerto Rico from the obligation to file forms and negotiated rates as provided in Public Law No. 63.

Notwithstanding the above, under the powers vested by the Puerto Rico Insurance Code, the Commissioner may at any time require that the aforementioned forms and rates be filed, if the Commissioner considers it necessary for the protection of the public interest.

Very truly yours,

SIGNED

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