



COMMONWEALTH OF PUERTO RICO  
OFFICE OF THE COMMISSIONER OF INSURANCE

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December 1, 2015

**CIRCULAR LETTER NO. CC-2015-1869-AV/AS**

TO ALL LIFE, DISABILITY INSURERS, HEALTH SERVICES ORGANIZATIONS AND FRATERNAL BENEFIT SOCIETIES THAT WRITE LIFE, ANNUITIES, CONSUMER CREDIT, DISABILITY, ACCIDENT AND HEALTH INSURANCE IN PUERTO RICO

**GENERAL GUIDELINES AND REQUIREMENTS FOR FORMS SUBMISSIONS**

Dear Sirs and Madams:

The Office of the Commissioner of Insurance has the mission to promote the solvency, soundness, competitiveness and development of the insurance industry as a vital sector of our economy. This requires, among other things, establishing mechanisms of regulation and audit, but at the same time have agile and expeditious processes.

In order to implement appropriate guidelines to promote an orderly form filing submission, the OCI is hereby notifying the following standards:

**A. Amendments, Riders or Endorsements:**

1. Amendments, riders and endorsements must amend policies and NOT other amendments, riders or endorsements. Riders and endorsements must apply to policies, and not to amendments, other riders or other endorsements.
2. The cover letter of the filing must specify if the amendment, rider or endorsement will be used with inforce policies or new business and if it will be optional or mandatory to the insured or the policyholder. Also, the letter should specify if the amendment, rider or endorsement will have any additional cost to the insured.
3. Amendments, riders and endorsements will only be approved for use with the specific policies identified by the company.

- a. The cover letter shall specify all the previously approved forms that will be used with the forms being filed, including identification form numbers (exactly as they were approved), approval dates and Puerto Rico or SERFF Filing numbers. Language as "this form will be used with our life insurance portfolio" or "with any individual life insurance policies which may be approved in the future" will not be accepted.

**B. Insert Pages:**

The OCI accepts the submission for approval of insert pages which intend to substitute or modify other pages of a previously approved policy or certificate form. This type of submission shall comply with Circular Letter No. AV-III-8-935-83 of October 4, 1983 and with the following requirements:

1. The cover letter must explain the modifications or revisions being made by the insert pages in the previously approved policy or certificate.
2. The cover letter shall list the form number of each insert page and provide a statement indicating how the insert page will be used and the type of product for which the insert page will be used.
3. If it is intended by the insurer to use both the insert pages and the pages modified by the insert pages, an explanation providing justification as to why both insert pages are necessary and under what conditions each page would be issued. In this case, the new insert page must reflect a unique form number that distinguishes it from the other pages of the form or contract previously approved.
4. If the insert page replaces the previously approved page, then the insert page must be identified in the lower left corner, with the form number of the policy to which it is made part of, including the date of revision of the page.
5. The OCI may reserve the right, at any time, to require an insurer to file a complete revised policy or certificate if the assigned reviewer is not comfortable that all insert pages are understandable and manageable.
6. No policy contract, amendment, rider or endorsement shall be constituted by insert pages exclusively.

### C. Applications:

1. The cover letter must state whether the application will be completed by telephone or by other electronic means or if it will employ electronic signatures. Voice signature is not allowed for insurance in Puerto Rico
2. The cover letter must specify how the application will be used. Therefore, applications that will be used electronically or telephonically must specifically state their intended use. General descriptions, such as use in "an electronic format" are not sufficient. The insurer's procedure for collecting, transmitting, storing and protecting electronic information must be provided.
3. If a telephone interview is used in the application process, the submission must include a detailed description of the process. The description must be a stand-alone document attached as a Supporting Document in SERFF and it must include the following information:
  - a. Confirmation that the telephone interview will be conducted by a licensed authorized representative.
  - b. Whether or not the applicant's responses obtained in the telephone interview will be made part of the application and used to contest the policy.
  - c. If questions other than those that appear on the application form are asked during the telephone interview process and coverage could be denied or rated in light of the responses, we require a written confirmation that the applicant will be provided with: 1) a copy of the questions that are asked during the telephone interview, 2) a copy of the responses during the telephone interview, and 3) an opportunity to correct the answers given during the telephone interview.. A copy of those other questions must be provided for our approval.
  - d. Explain how the questions asked and the responses to the telephone interview will be maintained by the insurer and for how long this information will be preserved, which cannot be less than five (5) years pursuant to Rule XII of the Regulations of the Insurance Code of Puerto Rico.
  - e. The process by which the applicant is given an opportunity to review and revise answers prior to his/her signature.

- f. How and when the applicant's signature is obtained on the completed application.
4. The Insurance Code allows the sale of insurance products by electronic means as long as the provisions of Section 9.250 of the Insurance Code and Ruling Letter No. 2007-86-AV of December 21, 2007 are followed.

**D. Out of state policies covering residents of Puerto Rico:**

Section 11.110(5) of the Insurance Code of Puerto Rico set forth the requirements for group insurance policies issued outside of Puerto Rico which extend coverage to residents in Puerto Rico. All such filings must provide the following information and documents:

1. The policy form and certificate must contain the uniform clauses required by the Insurance Code.
  - a. If the policy is a life insurance, then it must include the uniform provisions of Chapter 14 of the Insurance Code of Puerto Rico.
  - b. If the policy is related to a disability insurance, then it must comply with Chapter 17 of the Insurance Code of Puerto Rico.
2. Out of state forms to be issued to residents of Puerto Rico should be filed separately from a general issue basis submissions.
3. The cover letter of the filing must provide the following information:
  - a. List all the forms being submitted with their respective titles and form numbers
  - b. A description of each form
  - c. Identify the out of state group
  - d. Identify the Insurer State of domicile
  - e. Identify the State where the group policy is situated
  - f. The number of persons in Puerto Rico that will be covered
4. Filings should include evidence of the domicile state approval of the policy in PDF format attached to Supporting Documentation Tab. If the domiciled state did not approve the filing, the OCI staff will review the entire product for compliance with the Insurance Code of Puerto Rico.

5. Filings should include evidence of the state approval where the group is situated in PDF format attached to the Supporting Documentation Tab.

**E. Variable text:**

1. Forms with variable information must include such information within hard brackets [ ] (both beginning and ending brackets). Any other format to identify the variable language will not be accepted.
2. When using bracketing, please provide a separate detailed Statement of Variability to explain ALL variable material in the forms, including all the possible language that might be placed within the brackets and define all the ranges or options. The OCI will not accept that the statement of variability state that the variation or variations "will conform to law" or "as requested by the contractholder" or other similar language.
3. The use of too many variables will result in filing disapproval, as OCI staff may not be able to determine whether the filing is in compliance with Puerto Rico laws and regulations. Basic policy requirements, including uniform provisions, exclusions and limitations, cannot be bracketed unless an alternative language is included and a reasonable explanation is provided.
4. Brackets around an entire page constitute a "blank" or generic form and will not be permitted.
5. The company's name shall not be denoted as variable.
6. The Statement of Variability shall indicate the exact language of any alternate text and/or an explanation of when the variable text will be omitted in its entirety.
7. No policy form will be approved for which the assigned reviewer is not reasonably comfortable that all variables are understandable and manageable.
8. Benefits that are optional to the policyholder, contractholder or certificateholder must be presented as separate forms, riders or endorsements.

**F. Translations:**

1. Section 5 of Rule XXIV of the Regulations of the Insurance Code of Puerto Rico stipulates the forms that must be provided in the Spanish language. Among these, individual life and disability insurance policies are included.
2. The certification of translation that must be used for this purpose can be found in the Supporting Documentation Tab in SERFF under the section titled, "Policy translation - Life, Disability & Health".
3. The certification of translation must reference the specific form numbers of the translated forms. The form number should be exactly what appears in the lower left corner of the Spanish version Form. This means that if the word "Form" does not appear in the lower left corner then it should not be part of the Form Number on the Certification.
4. The certification of translation must be dated and signed by an authorized officer of the company.
5. All translated forms must be filed in the Form Schedule tab in SERFF. The form number included in the Form Number section of the Form Schedule tab must be exactly as it is shown in the lower left corner of the Form. This means that if the word "Form" does not appear in the lower left corner then it should not be part of the Form Number on the Form Schedule.
6. The certification of translation must be in PDF format and cannot have any kind of protection, so the OCI staff can stamp the same.

**G. Changes to Business Operations:**

This includes Assumptions, Mergers, Demutualization, Name Change or Redomestication

1. An endorsement form notifying the change of the name of the insurance company must be submitted for approval. The endorsement must be submitted in English and Spanish language.
2. A certification of translation must be included with the filing under the Supporting Documentation tab.
3. The form must have a unique identifying number in the lower left corner.
4. The endorsement must state that all benefits remain the same and that the surviving insurer is assuming full liability under the policy.

5. The endorsement should include an address to which the policyholder can send premium payments and a phone number for inquiries, and must set forth the effective date of the transaction. This endorsement shall be sent to all in force policyowners, contractholders or certificateholders.
6. The filing should include a list of all previously approved policy forms to which the endorsement will be attached, including the form identification number, Puerto Rico or SERFF filing number and the date of approval.
7. The filing must include a cover letter indicating that all in force policy forms will be amended by the endorsement.
8. The cover letter must specify how many policyholders will be affected by this transaction in Puerto Rico.
9. The cover letter should indicate if this transaction has been filed with the Financial Analysis Division of the OCI.
10. The cover letter must specify the policy forms that will be used to write new business.
11. If any Merger, Demutualization, Name Change or Redomestication for disability (accident and health) products also affects property and casualty products, a separate filing to effectuate such change must be made with the Property and Casualty Actuarial Division of this Office.

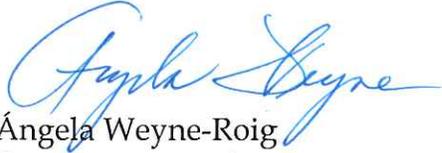
#### **Discontinuing a Line or Type of Product**

1. The cover letter of the filing should include an explanation of the line or product type to be withdrawn from the market in sufficient detail to determine what effect the action will have on the insurance-buying public.
2. The cover letter should identify the insurer that will offer renewal coverage or explains why one has not been arranged.
3. A copy of the notice to be sent to policyholders regarding their options should be included in the filing.
4. The cover letter must identify the forms the company will discontinue selling, including the approval date and SERFF or Puerto Rico filing number.

5. The cover letter should indicate if this transaction has been filed with the Financial Analysis Division of the OCI.

Strict compliance with the provisions of this circular letter is required.

Cordially,



Ángela Weyne-Roig  
Commissioner of Insurance