



COMMONWEALTH OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF INSURANCE

January 27, 2016

RULLING LETTER NUM: CN-2016-195-AP

TO ALL CONTRACT INSURANCE SERVICES PROVIDERS

SERVICE AGREEMENT - CERTIFICATION OF RATES / FEES

Dear Sirs and Madams:

Under the powers provided in Section 2.030 of the Insurance Code, and to ensure the protection of the public interest regarding service agreements, the Office of the Commissioner of Insurance promulgated Ruling Letter N-AM-9-66-2005¹ to establish the procedure for certifying every two years that the rates to be charged for service agreements² are appropriate and not excessive, considering the services that are offered in such agreements.

An evaluation of the information submitted by the suppliers to our office shows that compliance has not been uniform. In view of the above, and considering the importance of the information that is needed to ensure compliance with the provisions of Subchapter 2 of Chapter 21 of the Insurance Code, above all, with regard to provisions related to the return of fees, it is hereby clarified in this ruling letter that the certification that is required is for the rates on which all of the fees are based. That is to day, all certifications shall include in detail the item of the rates or fees of the suppliers, also known as dealer cost, as well as the item of the rates or fees that of the retailer franchisee, which constitute the retail price. We clarify that if the total rate or fee, the retail price, that is being certified could be different from the fees that the consumer ultimately pays, that is to say the total payment made in exchange for the service agreement, the retail price should be identified as the suggested retail price.

¹Ruling Letter N-AM-9-66-2005, October 18, 2005.

²Also known on the market as "extended warranties."

Any filing that the supplier may have in effect for the service agreements for motor vehicles³ on the date of this ruling letter, and that does not meet the requisites clarified herein, shall be updated, by filing such updates with this Office, through the SERFF system, within twenty (20) days from the date of this letter.

This ruling letter has the effect of clarifying Ruling Letter N-AM-9-66-2005, which is still in effect. Strict compliance with the provisions of this letter is hereby required. Failure to comply with these guidelines will entail the imposition of the sanctions that are provided by law.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'Ángela Weyne-Roig', written in a cursive style.

Ángela Weyne-Roig
Comissionner of Insurance

³Updates of the other kinds of service agreements that the supplier may have in effect shall comply with the guidelines described herein at the end of the two-year period for the certification that was filed.