



GOVERNMENT OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF INSURANCE

February 17, 2017

RULING LETTER NUMBER: CN-2017-2016-D

TO ALL DISABILITY INSURERS, HEALTH SERVICES ORGANIZATIONS,
PRODUCERS, AND AUTHORIZED REPRESENTATIVES IN PUERTO RICO

REPEAL OF RULING LETTER NUMBER: CN-2014-180-D, DATED JULY 10, 2014

Dear Madams and Sirs:

In Ruling Letter No. CN-2014-180-D, dated July 10, 2014, this Office clarified the general standard that is applicable to the payment of commissions related to health insurance plans, in the event of a change and appointment of a new producer or authorized representative. Since the time that that Ruling Letter was adopted, certain questions have arisen with regard to the application of its provisions, due to the nature of the operations of the health insurance business. In addition, there were certain questions regarding the applicability of the letter to disability insurance business. In this kind of insurance, even though the contract is renewed annually, the premium is paid monthly, and the producer or authorized representative performs constant tasks for the insured related to the underwriting of the business and management and servicing the portfolio, among other things.

In view of the above and given the particular nature of the health insurance business, we are repealing Ruling Letter No. CN-2014-D, dated July 10, 2014.

Recognizing the right of the insured to select the producer or authorized representative of its preference, we are hereby establishing the general standard that for health or disability insurance where the insured makes a change and appoints a producer or changes the insured's authorized representative, the new producer or authorized representative shall be entitled to the commissions, from the month of the appointment and when the producer or representative begins to provide the service to the licensee and perform underwriting tasks.

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

Very truly yours,

Javier Rivera-Ríos
Commissioner of Insurance