

Estado Libre Asociado de Puerto Rico
OFICINA DEL COMISIONADO DE SEGUROS
Apartado 11217-Est. Fdez. Juncos
Santurce, Puerto Rico

Carta Circular Núm. E 8-269-60
16 de agosto de 1960

A TODA PARTE INTERESADA O SU REPRESENTANTE LEGAL

Estimados señores:

Ocasionalmente esta Oficina descubre que después de haber circulado un riesgo (por lo general vehículos de motor), entre las agencias generales que operan en Puerto Rico, para determinar si el mismo está asegurado o no comunicamos a las partes interesadas que el riesgo en cuestión no está asegurado. Posteriormente la parte interesada o su representante legal nos escribe indicándonos el nombre de la compañía aseguradora o del agente general que ha emitido una póliza cubriendo el riesgo circulado. A veces se nos indica hasta el número de la póliza.

En la mayoría de los casos esta situación se debe a que los requeridos no ofrecen datos suficientes que permitan al agente general localizar el caso entre sus registros de pólizas. En otros casos la información que se ofrece es incorrecta, dando lugar a discrepancias entre los récords de los expedientes de los agentes generales y la información ofrecida por las partes interesadas.

Como es natural, esto echa a perder el propósito de la investigación y el espíritu del Artículo 2.300 del Código de Seguros con arreglo al cual nuestra oficina presta este servicio público.

Para evitar situaciones como las aquí apuntadas, en adelante esta Oficina no tramitará investigaciones para determinar si un riesgo está asegurado o no si no se ofrece la siguiente información mínima:

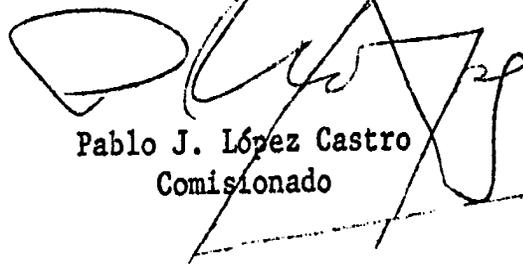
1. Nombre y dirección del dueño del vehículo a cuyo nombre pueda estar el seguro.
2. Fecha exacta del accidente.
3. Modelo, marca y año de fabricación del vehículo.
4. Tipo del vehículo, esto es, si un automóvil privado, o público, o un taxi, o un trailer, o una guagua, etc.
5. Número del motor.
6. Número de la tablilla.

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Suplicamos también que si la parte interesada o su representante legal tienen conocimiento de que existe algún seguro, indique el nombre completo o su agente general en Puerto Rico. Esa información aligera el trámite, pues en un caso de esta naturaleza nuestra oficina se dirigiría únicamente al agente general concernido y no tendríamos que esperar hasta que todos los agentes generales en Puerto Rico contesten nuestra carta circular en donde se requiere información sobre el riesgo.

Cordialmente,



Pablo J. López Castro
Comisionado

ACT. #64

Approved June 6, 1960

To amend Chapter XIV of Act. No. 77 of June 19, 1957, as subsequently amended, known as the Puerto Rico Insurance Code.

Be it enacted by the Legislature of Puerto Rico:

FIRST SECTION: Chapter XIV of the Puerto Rico Insurance Code, Act. No. 77 approved June 19, 1957, is hereby amended to read as follows:

CHAPTER XIV

GROUP LIFE INSURANCE

Article 14.010.- DEFINITION.- No group life or endowment or annuity insurance policy shall be issued for delivery in Puerto Rico unless the same agrees with one of the following descriptions:

(1) A policy issued to an employer, or to the trustees of a fund established by an employer, who (employer or trustee) shall be considered as the policyholder, to insure the employees of the employer for the benefit of person other than the employer, subject to the following requirements:

(a) Employees eligible to be insured under the policy shall be all the employees of the employer, or all of a class or classes determined by the conditions or characteristics of their particular jobs. The policy may provide that the term "employees" shall include the employees of one or more subsidiary corporations, and the employees, individual proprietors and members of one or more affiliated corporations, proprietors or partnerships if the business of the employer or of said affiliated corporations, proprietors, or partnerships is under common control by means of the possession of stocks or contracts. The policy may also provide that the term "employees" shall include the individual proprietor or partners if the employer is an individual proprietor or a partnership. Furthermore, the policy may provide that the term "employees" shall include retired employees. No director of an incorporated employer shall be eligible to be insured under the policy unless said person is otherwise eligible as a bona fide employee of the corporation rendering other services thereto aside from his duties as director. No individual proprietor or partner shall be eligible to be insured under the policy unless he actively participates and dedicates a substantial part of his time to conduct the business of the proprietor or of the partnership.

(b) The premium shall be paid by the policyholder, either totally from the funds of the employer, or funds to which the policyholder contributed, or partially from said funds and partially from funds contributed by the insured employees, or totally from funds contributed by the insured employees. A policy in which a portion of the premium or the entire premium shall be derived from funds contributed by the insured employees may become effective only if at least 75% of the eligible employees at that time, excluding any with respect to which the individual evidence of insurability is not satisfactory to the insurer, decide to make the required contributions. A policy in which no part of the premium is to be derived from funds contributed by the insured employees, must insure all eligible employees or all except some with respect to which the individual evidence of insurability is not satisfactory to the insurer.

(c) At the date of issue the policy must cover at least 10 employees.

(d) The amounts of insurance under the policy shall be based on a plan which excludes individual selection whether on the part of

the employees or on the part of the employer or trustees.

(2) A policy issued in favor of a creditor, who shall be considered the policyholder, to insure debtors of the creditor, subject to the following requirements and the provisions of Chapter XVIII of this Code:

(a) Eligible debtors to be insured under the policy shall be all those debtors of the creditor whose debts shall be payable by means of (i) partial payments, or (ii) fully at the end of a period not greater than 60 months as the initial date of the debt, or all the debtors of any class or classes to be determined by the conditions of the debt or of the acquisition by purchase from which the debt arises. The policy may provide that the term "debtors" shall include the debtors of one or more subsidiary corporations, and the debtors of one or more affiliated corporations, proprietors or partnership if the business of the policyholder and of said affiliated corporation, proprietors or partnerships is under common control by means of the possession of stocks, by contracts, or otherwise. No ~~debtor shall be eligible unless his~~ debt constitutes an irrevocable obligation of paying the debt during his lifetime, on and after the date in which the insurance becomes in force on his life.

(b) The premium shall be paid by the policyholder, either from funds of the creditor or from installments paid by the insured debtors, or both. A policy with respect to which a portion or the total premium is to be obtained by a collection among the insured debtors of identifiable charges not required of debtors who are not insured, shall not include, in the class or classes of eligible debtors to be insured, those debtors under pending obligations at the date of issue without individual evidence of insurability, unless 75% or more of the then eligible debtors decide to pay their required charges. A policy with respect to which no portion of the premium has to be obtained by the collection of said identifiable charges has to insure all eligible debtors, or all except anyone with respect to which the evidence of insurability is not satisfactory to the insurer.

(c) The policy may be issued only if the group of eligible debtors is then being increased by new members at the rate of at least 100 persons per year, or if it can be reasonably expected that there shall be incorporated into the group at least 100 during the first policy year, and only if the policy reserves to the insurer the right of requiring individual evidence of insurability in case less than 75% of the newly incorporated members are insured. The policy may exclude from the classes eligible for insurance those classes of debtors determined by age.

(d) The amount of insurance on the life of any debtor shall at no time exceed the amount of his debt payable in installments, or \$10,000.00, whichever is less.

(e) The insurance shall be paid to the policyholder. Said payment shall reduce or extinguish the obligation of the debtor up to a maximum equal to the total of said payment.

(3) A policy issued in favor of a labor union, which shall be considered the policyholder, to insure members of said union for the benefit of other person other than union or any of the officers, representatives, or agents thereof, subject to the following requirements:

(a) The eligible members for insurance under this policy shall be all union members, or all of any class or classes thus determined by the conditions of their jobs, or by their condition of members of the union, or by both.

(b) The premium payable for this policy shall be paid by the policyholder, either totally from the funds of the union, or partially from said funds and partially from funds contributed specifically for their insurance by the insured members, or totally from funds contributed specifically for their insurance by the insured members. A policy with respect to which a portion of the premium or the

full premium is to be derived from funds which the insured members shall have contributed specifically for their insurance, shall become effective only if 75% or more of the then eligible members, excluding any with respect to which the individual evidence of insurability is not satisfactory to the insurer, decide to make the contribution. A policy with respect to which no portion of the premium is to be derived from funds contributed by the insured members specifically for their insurance, must insure all eligible members, or all except any in relation to which the individual evidence of insurability is not satisfactory to the insurer.

(c) Upon issuance, the policy must cover at least 25 members.

(d) The amounts of insurance under the policy must be based on some plan which excludes individual selection by the members as well as by the union.

(4) A policy issued in favor of the trustees of a fund established by two or more employers in the same industry or by one or more labor unions, or by one or more employers and one or more labor unions, whose trustees shall be considered as the policyholders, to insure employees of the employers or members of the unions for the benefit of person other than the employers or the unions, subject to the following requirements:

(a) The persons eligible for insurance shall be all the employees of the employers or all of the members of the unions, or all of a class or classes thus determined by the conditions of their jobs, or by their condition of members of the unions, or by both. The policy may provide that the term "employees" shall include retired employees, and the individual proprietor or the partners if the employer is an individual proprietor or a partnership. No director of an incorporated employer shall be eligible for insurance under the policy unless said person is otherwise eligible as a bona fide employee of the corporation, rendering other services aside from his regular duties as director. No individual proprietor or partner shall be eligible for insurance under the policy unless he actively dedicates a substantial part of his time to direct the business of the proprietor or of the partnership. The policy may provide that the term "employees" shall include the trustees or their employees, or both, if their duties are principally connected to the administration of said trust.

(b) The total premium for the policy shall be paid the trustees of the fund raised by the employer or employers of the person insured, or by the union or unions, or by both, or from funds contributed totally or partially by the individuals insured. A policy with respect to which a portion of the premium or the entire premium thereof shall be derived from funds which the individual insureds shall have contributed specifically for their insurance, shall become in force only if 75% or more of the then members or eligible employees, excluding any with respect to which the individual evidence of insurability is not satisfactory to the insurer, decide to make the required contribution. In the event the premium is not paid partially or totally by the individual insureds the policy shall have to insure all eligible persons, or all except any with respect to which the individual evidence of insurability is not satisfactory to the insurer.

(c) The policy has to cover, at the date of issuance, at least 100 persons and not less than an average of 5 persons per employer unit; and if the fund is established by the members of an association of employers the policy may only be issued if (i) (a) the participating employers constitute, at the date of issuance, at least 60% of the associated employers whose employees are not yet covered by group life insurance or (b) the total number of persons covered at the date of issue exceeds 600; and (ii) the policy shall not be required that if an associated employer ceases to be a member of the association the insurance of the employees shall cease only by reason of said retirement.

(d) The amounts of insurance under the policy shall be based

on same plan which excludes individual selection, either by the persons insured or by the policyholders, the employers or the unions.

(5) A policy issued in favor of a cooperative association, or an association of persons licensed by the Commonwealth of Puerto Rico to dedicate themselves to a recognized profession, or an association of federal, state, or municipal employees, or a craft association or union, which shall be considered as the policyholder, to insure members of said association for the benefit of persons other than the cooperative or any of their official representatives or agents, subject to the following requirements:

(a) The eligible members for insurance under the policy shall be all the members of the association, or all of any class or classes thus determined by the conditions of their jobs or professions, or their condition of members of the association, or by both. The policy may provide that the term "member" shall include retired members.

(b) The premium to be charged for this policy shall be paid by the policyholder, either totally from the funds of the association or partially from said funds and partially from funds contributed specifically for their insurance by the insured members, or totally from funds contributed specifically for their insurance by the insured members. A policy with respect to which a portion of the premium or the entire premium thereof shall be derived from funds which the insured members shall have contributed specifically for their insurance, shall become in force only if 75% or more of the then eligible members, excluding any with respect to which their individual evidence of insurability is not satisfactory to the insurer, decide to make the required contribution. A policy with respect to which no portion of the premium shall be derived from funds which their insured members shall have contributed specifically for their insurance, must insure all eligible members, or all except any in relation to which their individual evidence of insurability is not satisfactory to the insurer.

(c) Upon issuance, the policy shall cover at least 25 members.

(d) The amounts of insurance under the policies shall be based on any plan which excludes individual selection by the members as well as by the association.

Article 14.020. LIMITATIONS IN THE AMOUNT OF INSURANCE. No group life insurance policy may be issued in favor of an employer, a labor union, or the trustees of a fund established totally or partially by an employer or a labor union, which provides term insurance on any person which, together with any other term insurance under any policy or policies of group life insurance issued in favor of the employer or employers of said person, or in favor of a labor union or labor unions of which said person is a member, or in favor of the trustees of a fund or funds established totally or partially by said employer or employers or by said union or labor union, shall exceed \$20,000 unless 150% of the annual remuneration received by said person from his employer or employers exceeds \$20,000.00, in which case the term insurance shall not exceed \$40,000 or 150% of said annual remuneration, whichever is less.

Article 14.030. UNIFORM PROVISIONS. No group life insurance policy shall be issued for delivery in Puerto Rico unless it contains in substance the provisions of articles 14.040 through 14.110 inclusive, or provisions which in the opinion of the Commissioner are more favorable for the person insured, or at least equally favorable to the persons insured and more favorable to the policyholder, provided, however, (a) that the provisions of 14.080 to 14.100 inclusive shall not be applicable to policies issued in favor of a creditor to insured debtors of said creditor; (b) that the uniform provisions required for individual life policies shall not be applicable to group life insurance policies; and (c) that if the group life insurance policy is based on an insurance plan which is not a term plan, said policy shall include a nonforfeiture provision or provisions which in the opinion of the Commissioner are equitable for the persons insured and for the policyholder, but nothing herein specified shall be interpreted to require that the

group life insurance policies shall contain the same nonforfeiture provision which are required for individual life policies.

Article 14.040. GRACE PERIOD. A provision granting the policyholder a grace period of 31 days for the payment of any premium due except the first, during which period of grace the coverage for death shall continue in force, unless the policyholder shall have notified in writing the insurer about the cessation of the policy, which notification shall be made prior to the date of suspension and pursuant to the terms of the policy. The policy may provide that the policyholder shall be responsible to the insurer for the payment of the premium on a pro rata basis for the time the policy was in force during said grace period.

Article 14.050. INCONTESTABILITY. (1) There shall be a provision that the validity of the policy shall be incontestable, except for nonpayment of the premiums, after said policy shall have been in force for two years from the date of issue; and that no declaration made by any insured person under the policy in relation to his insurability shall be used to question the validity of the insurance with respect to which said declaration was made after said insurance shall have been in force for at least two years prior to the time the policy is contested, not even if said declaration appears in a written document executed by said person.

(2) There shall be a provision establishing that a copy of the application, if any, of the policyholder shall be attached to the policy when issued; that all the declarations made by the policyholder or by the insured person shall be deemed representations and not warranties; and that no declaration made by any insured person shall be used in any litigation whatsoever unless a copy of the document which contains said declaration shall have been delivered to said person or to his beneficiary.

Article 14.060. EVIDENCE OF INSURABILITY. There shall be a provision establishing the conditions, if any, under which the insurer reserves the right to require a person eligible for insurance to submit individual evidence of insurability satisfactory to the insurer as a condition of a portion or of the entire coverage.

Article 14.070. MISSTATEMENT OF AGE. There shall be a provision providing for an equitable adjustment of the premiums or of the benefits, or of both, to be made in the event the age of an insured person shall have been misstated, and said provision shall express clearly the method of adjustment to be used.

Article 14.080. FACILITY-OF-PAYMENT CLAUSE. There shall be a provision to the effect that any sum payable due to the death of the insured person shall be paid to the beneficiary designated by the person insured, subject to the provisions of the policy in the event there is no beneficiary designated for the total or a portion of said sum, who shall be living upon the death of the person insured, and subject to any right reserved by the insurer in the policy and established in the certificate, to pay at its election a portion of said sum not exceeding \$500.00 to a person who in the opinion of the insurer shall have a legal right thereto for having incurred funeral or other expenses incidental to the last illness or death of the insured.

Article 14.090. ISSUANCE OF CERTIFICATE. There shall be a provision stipulating that the insurer shall issue to the policyholder for delivery to each insured person, an individual certificate stating the protection to which the insured is entitled, who shall be paid the insurance benefits and granted all rights under the conditions established in paragraphs 1, 2, and 3 of article 14.100.

Article 14.100. CONVERSION CLAUSE. (1) There shall be a provision stipulating that if the insurance, or any portion thereof, on a person covered under the policy shall cease because of termination of his employment or of his condition as member of an eligible class or classes for coverage under the policy, said person shall have a right to require that the insurer issue to him, without evidence of insurability, an individual life insurance policy without disability or other supplementary benefits, provided that the application for the individual policy shall

be made and the first premium paid to the insurer on or before 31 days after such termination, and provided further, that, (a) the individual policy shall be at the option of said person in any of the forms, except term insurance, then in current use by the insurer at the age and for the amount solicited; (b) the individual policy shall be for an amount which does not exceed the amount of the life insurance which expires due to such termination, provided that any amount of insurance due on or before the date of said termination as an endowment payable to the insured, either in a single sum, in installments, or in the form of a pension shall not, for the purposes of this provision, be included in the amounts which shall be considered as expired due to said termination; and (c) the premium for the individual policy shall be according to the insurer's rates then in force applicable to the form and amount of the individual policy, according to the type of risk to which said person then belongs and to his attained age on the effective date of the individual policy.

(2) There shall be a provision to the effect that if a group policy terminates or is amended in such a manner that the insurance on any type of insured is terminated, any person included in said group policy on the date of said termination and who shall have been insured for at least 3 years prior to the date of said termination, shall have a right to be issued an individual life insurance policy by the insurer, subject to the same conditions and limitation provided in paragraph (1) of this article, except that the group policy may provide that the amount of said individual policy shall not exceed the lesser of the following: (a) The amount of protection of the life insurance of a person which terminates due to the termination or amendment of a group policy, less the amount of any life insurance for which the individual is or shall be eligible under any group policy issued or reinstated by the said insurer or by any other insurer within 31 days after said termination; and (b) \$4,000.00.

(3) There shall be a provision stipulating that if an insured under a group policy dies during the period within which he shall have qualified for the issuance of an individual policy pursuant to articles 14.100(1) and 14.100(2) and prior to the time said individual policy becomes in force, the amount of life insurance to which he shall have a right under said individual policy shall be paid as a claim under the group policy, even though an individual policy shall not have been so solicited or even if the first premium shall not have been paid.

(4) If any individual insured under a group policy issued in Puerto Rico hereafter acquires the right to obtain an individual policy under the terms of the group policy without evidence of insurability, subject to payment of the first premium within the period specified in the policy, and if said individual is not notified of the existence of said right at least 15 days prior to the expiration date of said period, then in such case the individual shall have an additional period during which he may exercise his right, but this shall not be interpreted as a continuation of a policy beyond the period provided in said policy. The additional period shall expire 15 days after the individual shall have been notified, but in no case shall it be extended beyond 60 days after the expiration date provided in the policy. Written notification submitted to the individual or mailed by the policyholder to the last known address of the individual or mailed by the insurer to the last known address of the individual as subscribed by the policyholder shall be considered sufficient notice for the purposes of this paragraph.

Article 14.110. SPECIAL FORM IN THE CASE OF CREDITOR AND DEBTOR INSURANCE. In the case of a policy issued to a creditor to insure debtors of said creditor, the policy shall contain a provision to the effect that the insurer shall furnish the policyholder for delivery to each insured debtor under the policy, a form which shall bear a declaration that the life of the debtor is insured under the policy and that any death benefit paid pursuant to said policy due to his death shall be used to reduce or settle the debt.

Second Section: This law shall become effective immediately upon its approval.

NOTE: - This is an unofficial translation prepared by the office of the Commissioner of Insurance of Puerto Rico of Act. No. 64 of June 6, 1960.

Translation prepared on June 23, 1960.