

COMMONWEALTH OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF INSURANCE
P. O. BOX 3508 - OLD SAN JUAN STATION
SAN JUAN, PUERTO RICO 00904

Circular Letter No. AM-I-5-545-73
May 18, 1973

TO ALL INSURERS, MANAGERS OR FOREIGN INSURERS
AND GENERAL AGENTS AUTHORIZED TO TRANSACT
PROPERTY AND CASUALTY INSURANCE IN PUERTO RICO
AND TO ALL BANKS AND FINANCE COMPANIES ENGAGED
IN THE DWELLING MORTGAGE BUSINESS OR AUTOMOBILE
FINANCING BUSINESS

Gentlemen:

It has come to our attention that insurers, banks and finance companies are not complying with the provisions of Section 1123 of the Insurance Code of Puerto Rico with respect to mailing or delivering dwelling property insurance contracts and automobile single interest insurance contracts to insureds, purchasers or borrowers. We have been informed that insureds, purchasers or borrowers are not being furnished with a copy of the policy form or certificate of insurance or memorandum of insurance when the insurance is obtained through a financial institution as part of a mortgage loan or a conditional sale contract.

To this effect, Section 1123 of the Insurance Code of Puerto Rico states the following:

"1123. DELIVERY OF POLICY

(1) Subject to the insurer's requirements as to payment of premium, every policy shall be mailed or delivered to the insured or to the person entitled thereto within a reasonable period of time from the date in which the insured applied for its issuance.

When the insurer fails to take action for a reasonable period of time after payment of the first premium, such omission shall be considered as an issuance and delivery of the policy of the kind and in the amount applied for.

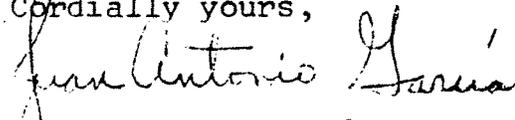
(2) If the original policy is delivered or is so required to be delivered to or for deposit with any vendor, mortgagee, or pledgee of any motor vehicle or aircraft, and in which policy any interest of the vendee, mortgagor, or pledgor in or with reference to such vehicle or aircraft is insured, a duplicate of such policy, or memorandum thereof setting forth the name and address of the insurer, type of coverage, limit of liability, premiums for the respective coverages, and duration of the policy, shall be delivered by the vendor, mortgagee, or pledgee to each such vendee, mortgagor, or pledgor named in the policy or coming within the group of persons designated in the policy to be so included.

If the policy does not provide coverage of legal liability for injury to persons or damage to the property of third parties on behalf of the vendee, mortgagor, or pledgor, a statement of such fact shall be printed, written or stamped conspicuously on the face of such duplicate policy or memorandum."

Based on this Section of the Law, it is the sole obligation of the insurer or bank or finance company which issues the policy or acts as a servicing agent, to mail or deliver such policy or certificate of insurance or memorandum of insurance to the insured or the purchaser or borrower. We want to remind the insurers, banks or finance companies that each premium dollar approved by this Office contains a fraction destined to take care of delivering and mailing costs. This Office is hereby requiring of each insurer, bank or finance company which issues an insurance policy or acts as a servicing agent for the insurer, the delivering or mailing to the insured or purchaser or borrower a copy of the policy or certificate of insurance or memorandum of insurance, whenever an insurance transaction is involved. Failure of the insurer, bank or the finance company to comply with the mentioned Section of the Insurance Code will subject the affected insurer, bank or finance company to the sanctions provided by said Code.

This Office wants to emphasize that violations to this circular letter will be treated with the maximum severity provided by the Insurance Code.

Cordially yours,



Juan Antonio García
Acting Commissioner of Insurance