

OFFICE OF THE COMMISSIONER OF INSURANCE
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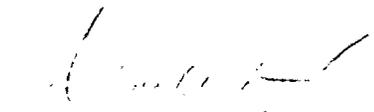
Circular Letter No. AV-I-11-568-73
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TO ALL INSURANCE COMPANIES AUTHORIZED TO ISSUE
GROUP INSURANCE CONTRACTS IN THE BRANCH OF LIFE,
ACCIDENT AND HEALTH IN THE COMMONWEALTH OF PUERTO
RICO

It has come to our attention that there is a number of Insurance companies which are accepting premiums past the grace period without the proper reinstatement of the insurance contract. This custom, which we understand has become a rule, may have the consequence of granting continuity of coverage by means of a credit acknowledgement on the payment of premiums to the policyholder and as a result every claim presented during this period must be honored by the Insurance Company. The above mentioned situation is caused by the action of the Company of not notifying the laborer or employee the date when the insurance falls due.

We would like to call your attention to the fact that Act 17 of April 17, 1931, as amended, Title 28, LPPA Section 175(i) provides that "any insurance company doing insurance business in Puerto Rico in the branch of life, accident and health, hospital insurance, by deducting the corresponding premiums from the wages of the laborer or employee shall notify directly and by registered mail the laborer or employee the date when the insurance falls due, at least twenty (20) days in advance of the date of expiration of the grace period of his respective policy or certificate".

We expect full compliance be given to the above mentioned resolution and thus avoid future violations like the ones presented.



Carlos E. Ríos
Commissioner of Insurance