

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-2-584-74
February 21, 1974

TO ALL PROPERTY AND CASUALTY INSURERS AND TO ALL GENERAL
AGENTS AND/OR MANAGERS OF FOREIGN INSURERS AUTHORIZED TO
WRITE PACKAGE POLICIES IN PUERTO RICO

Dear Sirs:

This Office understand that the issuance of package policies in Puerto Rico must be subject to a closer supervision by this Office due to the fact that this type of policy has been of much concern to the insuring public as well as to the insurance industry.

The rates and rating procedures used in the various types of package policies are of special interest to this Office since they are the basis of a sound competition between insurers. Furthermore, the procedure hereinafter described together with our request to the bureaus that the statistics recorded in connection with this type of business be separated as such will enable a better audit of the rates.

To this effect, and in accordance with provisions of Sections 1114(3)(f), 1219 and 1203(1) of the Insurance Code of Puerto Rico, we are hereby requesting that every package policy written in Puerto Rico after July 1, 1974, whether new or renewal business, must contain in the appropriate forms approved by this Office and made to a part of said package policy, a declaration of all the components of the rates for each coverage, the calculation of the premiums and a declaration of the schedule of credits and debits as well as the final modification. This applies to package programs filed by the bureaus and to package programs filed by insurers on an independent basis. As for example, member and subscriber companies of the Insurance Services Office using the Special Multi-Peril Policy Program must use Form MLB-10 (Ed. 11-68) or its future amendments.

Every insurer not having the required forms needed to comply with the provisions of this circular letter with respect to the calculation of rates, premiums and the credits or debits applied, must submit for the approval of the Commissioner of Insurance within sixty (60) days after the date of this

circular letter the required form or the necessary amendments to approved forms. We are enclosing a copy of Form AI-I-73 to be used as a guide for the presentation to this Office of an acceptable worksheet form.

This Office is hereby notifying the insurance industry that whenever it be advisable, we shall send our examiners or ask for a copy of specific insured risk in order to ascertain full compliance with this circular letter.

The provisions of this circular letter does not apply to insurance covering the Commonwealth of Puerto Rico, its dependencies, entities, corporation, authorities and municipalities, to reinsurance or surplus line insurance.

Cordially yours,


Carlos R. Ríos
Commissioner of Insurance

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Dear Sirs:

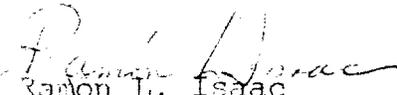
This Office is examining the overall situation with respect to package policies in Puerto Rico. We are most interested in clarifying all aspects having to do with the underwriting and experience reporting of said policies.

To this effect, we are hereby requesting that you submit the following information to this Office within thirty (30) days after the date of this letter

1. Names of the package programs in use by the company (Bureau or Non-bureau).
2. Name of the statistical agent to whom the experience is reported.
3. For companies not using bureau packages, a copy of the statistical plan used to report its experience.

Your cooperation in this matter will be very much appreciated.

Cordially yours,


Ramon L. Isaac
Chief Actuary
Property and Casualty
Section

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***RATE SHEET

Policy No. _____ Policy Period: From _____ to _____

Company _____

Agency _____

Insured Name: _____

Insured Add. _____

Name of Package _____

	Property Coverage		
	Final Annual Rate	Amount of Ins.	
Fire			<input type="checkbox"/> Prepaid <input type="checkbox"/> Ann'l Inst.
E. C.			
V.M.M.			
Sprinkler Leakage			
Windstorm			
Earthquake			
Explosion			
Misc. Property Coverages			
TOTAL PREMIUM			\$

Liability Coverages	Premiums	
	<input type="checkbox"/> Prepaid	<input type="checkbox"/> Ann'l Inst.
Premises/Operations Liability OLT	\$	
Premises/Operations Liability M & C	\$	
Premises/Operations Liability SKI	\$	
Elevator Collision	\$	
Complete Operations	\$	
Products	\$	
Medical Payments	\$	
Comprehensive General Liability	\$	
Others:		
TOTAL LIABILITY PREMIUM	\$	
TOTAL CRIME COVERAGES PREMIUM	\$	
TOTAL BOILER AND MACHINERY PREMIUM	\$	
TOTAL INLAND MARINE PREMIUM	\$	
OTHER COVERAGES TOTAL PREMIUM	\$	
TOTAL PREMIUM--ALL COVERAGES	\$	

IF ANNUAL INSTALLMENT, MULTIPLY TOTAL PREMIUM BY:

THREE YEAR PREPAID
 ANNUAL INSTALLMENT

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PROPERTY COVERAGES-RATE DEVELOPMENT

INSURED:		RATE DEVELOPMENT		POLICY NO.		TYPE OF RISK:		COMPANY PARTICIPATION	
INSURED ADDRESS:		RATE ADJUSTMENT MOD.		PACKAGE TERM MOD.		INSTALLMENT PACK. MOD. A		(If less than 100%)	
RISK CLASSIFICATION		RATING PLAN MOD. COMP. B		CR: DR		RATE FACTOR (A x B) =		%	
(Constr., Loc., Occupation):		RATE DEVELOPMENT		COINS. PERC.		POLICY COVERAGE		ADJUSTED RATE	
PERIL	Amount of Deductible	Manual Annual Rate*	Fire Wind EQ	Building Pers. Pty. Time Element Other	Spec. Limit Aver. Prov.	P.P.	Annual Ins.	PREMIUM	
Fire									
E. C.									
V.M.M.									
Sp. Leak.									
Winds									
Eq.									
Misc. Prop. Coverage									

* Note: If an average or blanket rate, please, state so

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SCHEDULE RATING

NAME OF RATING PLAN:

Characteristics of the Risk	Percent of Modification		Affected Coverages	Explanation
	Credit	Debit		

Management	_____	_____	_____	_____
Maintenance	_____	_____	_____	_____
Housekeeping and Safety	_____	_____	_____	_____
Exceptional Construction Features	_____	_____	_____	_____
Damageability of Contents	_____	_____	_____	_____
Others Explain	_____	_____	_____	_____
Total debits or credits	_____	_____	_____	_____

Total Premium for the Policy Term:

Annual Installment:

If Policy is subject to surcharge or discount: CR DR AMOUNT: _____ %

***NOTE: All items must be dully completed. If not applicable, please state so with the symbol N/A

*** OTHER COVERAGES - RATE DEVELOPMENT
