

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-10-620-74  
October 22, 1974

TO ALL PROPERTY AND CASUALTY INSURERS MEMBERS OR  
SUBSCRIBERS OF INSURANCE SERVICES OFFICE AUTHORIZED  
TO TRANSACT PRIVATE PASSENGER AUTOMOBILE INSURANCE  
IN PUERTO RICO

Dear Sirs:

To become effective on November 27, 1974, this Office approved to the Insurance Services Office, on behalf of its member and subscriber companies, the following rate increases for private passenger automobile liability and physical damage insurance.

1. Bodily injury liability.....29.8%
2. Property Damage Liability..... 8.8
3. Comprehensive ..... 1.5
4. Collision \$50 Deductible.....10.3
5. Collision \$100 Deductible.....11.0

At the request of this Office, the premium dollar distribution for this revision was amended in order that the absolute dollar amount for production costs remain unchanged. This request was made pursuant to Article 12.040(1)(d), as amended by Act Number 133 of July 23, 1974, which authorizes the Commissioner of Insurance to establish the maximum portion of the rate that shall be allowed for production costs, profit and other expenses.

The premium dollar distribution that will be used with the revision of November 27, 1974, shall be as follows:

Company Operating Expenses.....	7.0%
Production Cost Allowance.....	18.5
Taxes, Licenses and Fees.....	4.8
Underwriting Profit and Contingencies.....	3.5
Loss and Loss Adjustment Ratio.....	66.2

The production cost allowance of 18.5% is composed of 15.5% for commissions and 3.0% for other acquisition costs. Therefore, the maximum commission to be paid to the producers of private passenger automobile liability policies using the revised rates shall be 15.5%.

You are hereby advised that strict compliance must be given to the aforementioned maximum production cost allowance.

Cordially yours,

  
Carlos R. Ríos  
Commissioner of Insurance

cc - General Agents  
Independent Companies