



GOVERNMENT OF PUERTO RICO
Office of the Commissioner of Insurance

April 22, 2020

CIRCULAR LETTER NO. CC-2020-1963-D

TO ALL INSURERS, HEALTH SERVICES ORGANIZATIONS THAT ARE AUTHORIZED TO CONTRACT INSURANCE IN PUERTO RICO, THEIR GENERAL AGENTS, AUTOMOBILE CLUBS OR ASSOCIATIONS, SERVICE CONTRACT PROVIDERS, FRATERNAL ASSOCIATIONS, AND GENERAL PUBLIC

CLARIFICATION ON THE GRACE PERIOD FOR PAYMENT OF PREMIUMS AND TEMPORARY POSTPONEMENT OF CANCELATION OF POLICIES DUE TO LACK OF PAYMENT, AS PROVIDED IN RULING LETTER NO. CN-2020-267-D, AS AMENDED BY RULING LETTER NO. CN-2020-273-D

Dear Sirs and Madams:

On March 16, 2020, the Office of the Commissioner of Insurance (OCI) issued Ruling Letter No. CN-2020-267-D regarding the grace period for the payment of premiums and temporary postponement of cancellation of policies due to lack of payment as a measure to ensure the continuity of coverage for the insured during the emergency situation caused by the propagation of COVID-19 on the Island and in observance of Executive Order 2020-023 issued by the Governor of Puerto Rico (Governor), the Honorable Wanda Vázquez-Garced, ordering the closure of government and business operations, except for essential services.

Pursuant to Executive Order 2020-029 issued by the Governor on March 30, 2020, extending the closure of the government and business as well as the state of emergency as a consequence of the propagation of COVID-19, on March 31, 2020, the OCI issued Ruling Letter No. CN-2020-273-D to amend Ruling Letter No. CN-2020-267-D in order to extend the effect of the guidelines on the grace period for the payment of premium and temporary postponement of cancellation of policies due to lack of payment set forth therein until the state of emergency has ended or the OCI notifies the suspension of the effect thereof, whichever occurs first.

In view of this, certain concerns have been brought to the attention of the OCI regarding the application of the grace period for payment of premiums and the temporary postponement of cancellation of policies. We are therefore issuing this Circular Letter in order to clarify the application of the guidelines set forth in Ruling Letter No. CN-2020-267-D, as amended by Ruling Letter No. CN-2020-273-D.

Grace period for payment of premiums:

As established in the aforementioned ruling letter, the insured with a property or hazard policy will have a grace period of thirty (30) days, from the due date of the payment in which to make the premium. That means that the insured will have thirty (30) days from the date of renewal or the initial date of any property or casualty insurance contract to make the corresponding payment of the premium. The insured shall make the payment of the premium within such grace period. The policy will remain in effect during the grace period. If the insured has not paid the premium after the grace period of thirty (30) days has elapsed, the insurance policy may be cancelled by the insurer.



It is also set forth in that ruling letter that in insurance policies or contracts that ordinarily provide for a grace period of thirty (30) days for the payment of the premium, such as life insurance, health insurance, and/or disability insurance, the insurer may at its discretion grant the insured an additional grace period of thirty (30) days to be counted from the grace period originally established in the policy.

For example, if the payment of the premium of a policy was due on March 16, 2020, the insured would have thirty (30) days from the following day in which to pay the premium, so that the insured would have until April 15, 2020 to pay the respective premium. Following this example, the insurer must keep the policy in effect during the grace period from March 17 to April 15, 2020. If the insured made the payment on or before April 15, 2020, the coverage remains in effect, but if the insured did not pay the premium on or before April 15, 2020, after the grace period has elapsed, the policy may be canceled by the insurer.

Renewal of the insurance policy or contract:

Insurers may not deny the request of the insured to renew an insurance policy or contract due to lack of payment of premium when the renewal date is within the emergency period and the insured pays the renewal premium within the thirty (30) day grace period, to be counted from the effective date of the renewal. After the grace period, if the insured fails to pay the premium, the insurer may cancel the policy.

The guidelines set forth in Ruling Letter No. CN-2020-267-D, as amended by Ruling Letter No. CN-2020-273-D, and clarified in this Circular Letter, shall be in effect until the date the state of emergency ends or the OCI notifies the suspension of its effect, whichever occurs first. None of the above provisions imply a waiver of payment of the premium.

Very truly yours,

Mr. Rafael Cestero-Lopategui, Esq. CIC
Subcommissioner of Insurance