



GOVERNMENT OF PUERTO RICO  
Office of the Commissioner of Insurance

October 4, 2017

**NORMATIVE LETTER NUM.: CN-2017-222-D**

**TO ALL INSURERS AUTHORIZED TO DO BUSINESS IN PUERTO RICO, THEIR GENERAL AGENTS, AUTOMOBILE CLUBS OR ASSOCIATIONS, CONTRACT SERVICE PROVIDERS, FRATERNAL SOCIETIES AND GENERAL PUBLIC**

**PREMIUM PAYMENT GRACE PERIOD AND TEMPORARY SUSPENSION OF CANCELLATION OF POLICIES FOR LACK OF PAYMENT**

On September 17<sup>th</sup>, 2017, the Governor of Puerto Rico, Hon. Ricardo A. Rosselló Nevarez, decreed Executive Order No. OE-2017-047 declaring a state of emergency for Puerto Rico, as a consequence of the imminent impact of Hurricane Maria. Later, on September 18<sup>th</sup>, 2017, President Donald J. Trump, also issued a state of emergency and ordered federal aid to supplement the local recovery efforts facing Hurricane Maria pounding on the Island.

Thus, pursuant to the powers and authority vested in the Commissioner of Insurance under the provisions of Section 2.030 of Puerto Rico Insurance Code, 26 L.P.R.A. §235, the Office of the Commissioner of Insurance (OCI) prescribes the following orders and directives necessary to protect the public best interest and for a reasonable public administration.

**Temporary Suspension of Policy Cancellations or Insurance Contracts-** Due to the interruption or lack of electronic service operations and communications throughout the Island caused by Hurricane Maria, this Office states that, during the state of emergency, no insurer or entity regulated by the Puerto Rico Insurance Code may cancel a policy or contract of insurance of any kind covering a person, property or risk located in Puerto Rico, for nonpayment or defaults in premiums.

Moreover, an insurer may not refuse to renew a policy or insurance contract for non-payment of premium, in any cases in which the insured or policyholder has requested such renewal during the state of emergency. As an exception to the general rule, and in consideration of the current emergency, the aforementioned shall not be considered as a reduction or incentive prohibited by Chapter 27 of the Insurance Code or Rule No. 29 of its Regulations.

Said directive is not intended to mean or imply an exemption or forgiveness of premiums payment. Once the state of emergency has ended, the insured or policyholder must comply with corresponding payment of premium in arrears.



Any notice of cancellation for non-payment, issued or sent to the insured or policyholder by the insurer or the entity that financed the premium, during the state of emergency, must be withdrawn. Notwithstanding, a cancellation may occur prior to the expiration of the state of emergency at the written request of the insured or policyholder.

**Penalties-** It is the position of the OCI that, given the present situation, insurers authorized to do business in Puerto Rico should not apply penalties or deny coverage to insureds or policyholders for nonpayment of premiums, during the state of emergency. Similarly, in regard to direct debit or checking account payment of premiums, any penalty applicable due to insufficient funds should be waived. In addition, no insurer will re-rate or reclassify a current policy, merely because of the condition of the insured or policyholder as a claimant affected by the passage of Hurricane Maria.

Nothing herein shall be construed as altering the guidance and directives outlined in the Normative Letter. No. CN-2017-221-D, for insurers or health maintenance organizations.

Be advised, the present Normative Letter does not exempt any of the above mentioned regulated persons or entities from complying with any other disposition contained in the Insurance Code, Act. 77-1957, *supra*, that does not contravene with the orders and directives contained herein. Strict compliance with the aforesaid provisions is hereby required. Non-compliance with the aforesaid provisions will carry the imposition of severe sanctions.

Cordially,

SIGNATURE

Javier Rivera Ríos, LUCTF  
Commissioner of Insurance

**THIS IS NOT A CERTIFIED TRANSLATION**

**If any inconsistencies in translation and/or interpretation arise between the Spanish version and the English version of this document, the Spanish version will supersede the English version.**

