



GOVERNMENT OF PUERTO RICO  
Office of the Commissioner of Insurance

October 16, 2017

**RULING LETTER NO.: CN-2017-227-D**

**TO ALL INSURERS AUTHORIZED TO CONTRACT INSURANCE IN PUERTO RICO, THEIR GENERAL AGENTS, AUTOMOBILE CLUBS OR ASSOCIATIONS, SERVICE CONTRACT PROVIDERS, FRATERNAL ASSOCIATIONS, AND THE PUBLIC AT LARGE**

**AMENDMENT TO RULING LETTER NO. CN-2017-222-D, GRACE PERIOD FOR PAYMENT OF PREMIUMS, AND TEMPORARY POSTPONEMENT OF CANCELATION OF POLICIES FOR LACK OF PAYMENT.**

On October 4, 2017, the Office of the Commissioner of Insurance issued Ruling Letter No. CN-2017-222-D, providing the necessary orders and guidelines in view of the state of emergency and a grace period for the payment of premiums and temporary postponement of cancellation of policies for lack of payment, for the protection of the best interests of public safety and a sound and reasonable administration.

That Ruling Letter is hereby amended to clarify certain questions and concerns regarding the payment of the renewal premium for policies that expire during the current state of emergency. In that sense, Ruling Letter No. CN-2017-222-D is amended to read as follows in its relevant paragraphs:

**“Temporary Postponement of Cancellation of Insurance Policy or Contract –** Due to the interruption or lack of operations of electronic services or communications throughout the Island caused by the passage of Hurricane María, this Office establishes that for as long as there is a state of emergency, no property or hazard insurer regulated by the Insurance Code of Puerto Rico may cancel due to lack of payment of premiums, *within thirty (30) days of the due date of the payment*, any insurance policy or contract in the *property and hazard line placed in Puerto Rico. In lines of business in which normally insurance policies or contracts have a grace period for payment of thirty (30) days, such as life, health and/or disability, the insurer, at its discretion, may extend such grace period for an additional thirty (30) days, to the benefit of the insured. We urge insurers to take the necessary steps to facilitate keeping the premiums current and ensuring the continuity of coverage of its insureds.*

Furthermore, no insurer may deny the renewal of an insurance policy or contract due to lack of payment of premiums, in cases in which the insured has requested such renewal, during the state of emergency. *The payment of the corresponding premium for the renewal of the policy shall be made within thirty (30) days, from the effective renewal date of the policy.* As an exception to the general rule and in consideration of the current emergency, *none of the above shall be considered as a discount or incentive*



that is prohibited under Chapter 27 of the Insurance Code or Rule No. 29 of its Regulations. *This exception is limited to the practice of reduction or incentive of premiums that is regulated in the aforementioned regulation and shall not be interpreted as a waiver of compliance with any of its other provisions.*

We clarify that this determination does not imply a waiver of payment of premiums. At the end of the *grace period*, the insured shall make the payment of the corresponding premium that is due for that period.

Any notice of cancelation of a policy for lack of payment, that is issued or sent to the insured by the insurer or the entity that financed the premiums of the policy, *during* the state of emergency shall be withdrawn. *If the payment for the corresponding premium is not received within the extended payment period granted in this ruling letter, the policy may be canceled. In the case of a property and hazard policy financed by a premium financing entity, the cancelation of the policy shall be retroactive to the date on which the entity that financed the premium originally sent the cancelation notice to the insurer.* Notwithstanding the above, a policy may be canceled before the termination of the state of emergency, at the written request of the insured.

**Penalties-** It is the position of the OCI that in view of the current situation, insurers who are authorized to contract insurance in Puerto Rico should not apply penalties or deny coverage, for as long as there is a state of emergency, to their insureds or beneficiaries of policies for the lack of payment of premiums. Likewise, when payment of premiums is made through direct debit or checking accounts, penalties for insufficient funds should also be waived.

Nothing provided herein shall be interpreted as an alteration of the principles and guidelines set forth in Ruling Letter No. CN-2017-221-D, regarding health insurers or insurance organizations.

All licensees mentioned above are advised that these guidelines do not exempt them from compliance with the remaining provisions of the Insurance Code, Public Law No. 77-1957, *supra*, in everything that does not contravene the guidelines and criteria set forth herein. Strict compliance with guidelines provided herein is required. Failure to comply with such guidelines will entail the imposition of severe sanctions.”

Very truly yours,

Javier Rivera-Ríos, LUTCF  
Commissioner of Insurance

