May 28, 2015

CIRCULAR LETTER NO.: CC-2015-1861-SR

TO ALL PRODUCERS, AUTHORIZED REPRESENTATIVES, AND AUTHORIZED GENERAL AGENTS IN PUERTO RICO

ASSIGNMENT OR SALE OF POLICY PORTFOLIOS

Dear Sirs and Madams:

Through our audits we have become aware of purchases, sales or assignment of policy portfolios without full compliance with the legal provisions that regulate this kind of transaction.

In this regard, Section 9.401 of the Puerto Rico Insurance Code, 26 L.P.R.A. sec. 963a, provides that:

   In any transaction for the assignment or sale of an insurance policy portfolio, the new producer shall immediately notify each insured of the transaction, through written communication sent to the most recent address on record, granting the insured a term of not less than ten (10) days to choose to appoint him/her as his/her producer or appoint another producer.

   Furthermore, the originating producer shall promptly notify the Commissioner of the transaction and submit a copy of the assignment or sales contract, including all riders. The information herein required shall be kept confidential and not be available for public inspection.

As may be seen in this provision of law, both the producer of origin and the new producer have obligations they must comply with.
Therefore we are requiring strict compliance with the procedure described in Section 9.401, *supra*, which we will be verifying in future audits.

Finally, we remind you that failure to comply with the provisions of the Insurance Code and its Regulations may entail the imposition of sanctions such as administrative fines or even the cancelation or revocation of your license, and therefore we order strict compliance with the provisions of this Circular Letter.

Very truly yours,

SIGNED

Ángela Wayne-Roig
Commissioner of Insurance