AMENDMENT TO THE REGULATION OF THE INSURANCE CODE OF PUERTO RICO

Section 1. By virtue of the provisions of Section 2.040 of the Insurance Code of Puerto Rico and of Act 17 of April 17, 1931, as amended by Act 195 of July 23, 1974, I hereby give notice to the insurance industry, the insurance consumer and the general public that Rule XLVI of the Regulation of the Insurance Code of Puerto Rico has been approved as follows:

CANCELLATION OF INSURANCE WHOSE PREMIUMS ARE PAID BY MEANS OF PAYROLL DEDUCTIONS

Legal Authority: Section 2.040 of the Insurance Code of Puerto Rico and Act 17 of April 17, 1931, as amended.

Section 1. Every authorized insurer that issues a policy of life, hospitalization, or accident and health insurance whose premiums is paid by means of a corresponding deduction from the wages of the worker or employee, in conformity with Act 17 of April 17, 1921, as amended, must notify the policyholder, in writing, of the termination or cancellation of such policy at least 20 days prior to the expiration of the grace period of the policy. Said notification shall be accompanied by sufficient copies of a notice to be posted by him in prominent places in the work area of the workers or employers, and to be distributed by him among the workers or employees, indicating such termination or cancellation and the effective date thereof.

Section 2. Any notice of termination or cancellation so given by the insurer shall advise that, unless otherwise provided in the policy or contract, the insurer shall not be liable for claims for losses incurred after such date. Such notice shall also advise that if the policyholder or other entity continues to collect employee contributions for the coverage beyond the date of termination or cancellation, the policyholder or other entity may be held solely liable for the benefits with respect to which the contributions have been collected.
Section 3. This Rule shall be effective five days after notice of its approval is published in a newspaper of general circulation once each week for two consecutive weeks after it is approved.

APPROVED January 21, 1980.

ROLANDO CRUZ, Esq.
Commissioner of Insurance