

***“Insurance Code of Puerto Rico”***  
[Chapters I-II]

Act No. 77 of June 19, 1957, as amended

(Contains amendments incorporated by:

Act No. 64 of June 19, 1959  
Act No. 86 of June 25, 1965  
Act No. 67 of June 6, 1968  
Act No. 2 of May 7, 1969  
Act No. 46 of May 24, 1974  
Act No. 133 of July 23, 1974  
Act No. 150 of July 23, 1974  
Act No. 110 of June 30, 1975  
Act No. 32 of May 10, 1976  
Act No. 15 of February 16, 1979  
Act No. 151 of June 18, 1980  
Act No. 44 of July 31, 1992  
Act No. 62 of June 29, 1996  
Act No. 133 of August 8, 2002  
Act No. 89 of March 22, 2003  
Act No. 144 of October 10, 2007  
Act No. 165 of November 9, 2007  
Act No. 174 of November 12, 2007  
Act No. 186 of December 12, 2007  
Act No. 206 of December 14, 2007  
Act No. 31 of March 18, 2008  
Act No. 32 of March 18, 2008  
Act No. 34 of April 2, 2008  
Act No. 104 of June 30, 2008  
Act No. 155 of August 4, 2008  
Act No. 203 of August 8, 2008  
Act No. 230 of August 9, 2008  
Act No. 232 of August 9, 2008  
Act No. 262 of August 13, 2008  
Act No. 263 of August 13, 2008  
Act No. 7 of March 9, 2009  
Act No. 37 of July 10, 2009  
Act No. 82 of August 16, 2009  
Act No. 3 of January 4, 2010)

(Amendments non-incorporated:  
Act No. 146 of September 29, 2010)

Act No. 166 of November 7, 2010  
Act No. 210 of December 21, 2010  
Act No. 220 of December 28, 2010  
Act No. 98 of June 20, 2011  
Act No. 103 of June 27, 2011  
Act No. 104 of June 27, 2011  
Act No. 150 of July 27, 2011  
Act No. 20 of January 17, 2012  
Act No. 51 of March 7, 2012)

To enact an Insurance Law, to repeal certain laws relating to insurance, and for other purposes.

*Be it enacted by the Legislature of Puerto Rico:*

#### CHAPTER 1. SCOPE OF INSURANCE CODE

**Section 1.010. — Short title: Insurance Code of Puerto Rico. — (26 L.P.R.A. § 101)**

This title constitutes and may be cited as the Insurance Code of Puerto Rico.

**Section 1.020. — Insurance, defined. — (26 L.P.R.A. § 102)**

Insurance. — Is a contract whereby one undertakes to indemnify another, or to pay or provide a specified or ascertainable benefit upon determinable contingencies therein foreseen. The term insurance includes reinsurance.

**Section 1.030. — Insurer, defined. — (26 L.P.R.A. § 103)**

Insurer. — The person engaged in making insurance contracts as defined in Section 1.050 of this Code. Without limiting the generality of the previous definition, a reciprocal insurance exchange, benefit society, health service organization or any kind of group organized either for profit or nonprofit, engaged in the business of underwriting insurance contracts is an insurer.

**Section 1.040. — Person, defined. — (26 L.P.R.A. § 104)**

Person. — Means any natural person, insurer, association, group, labor union, body, company, corporation, partnership, trade name, trust, juridical person or entity.

**Section 1.050. — Contracting or transacting insurance. — (26 L.P.R.A. § 105)**

Contracting or transacting. — With respect to insurance includes any of the following:

- (1) Solicitation and inducement.
- (2) Negotiations preliminary to underwriting.
- (3) Underwriting an insurance contract.
- (4) Insure or reinsure.
- (5) Transaction of matters subsequent to underwriting an insurance contract arising therefrom.

**Section 1.060. — Compliance required.** — (26 L.P.R.A. § 106)

No person shall engage in the business of insurance in Puerto Rico, or relative to a subject of insurance resident, located, or to be performed in Puerto Rico, without complying with the applicable provisions of this Code.

**Section 1.070. — Excluded organizations and entities.** — (26 L.P.R.A. § 107)

Without affecting the generality of the foregoing provisions, this title shall not cover or determine the existence of operations, contracts, officers, directors or representatives of any organization to the extent that its insurance operations are prescribed or permitted by any other law expressly enacted for the purpose, except the Commonwealth of Puerto Rico Employees' Association Act, created by virtue of Act No. 133 of June 28, 1966, as amended, nor the Accelerated Financing Project, an entity created through the order of April 28, 1988, issued by the United States District Court, for the District of Puerto Rico in the case of *Carlos Morales Feliciano, et al. v. Pedro Roselló González, et al.*, Civil case No. 79A(PG), and as covered in Rule 220 of Title 34, App. II, or of any relief or mutual assistance nonprofit society or Association founded in Puerto Rico prior to April 11, 1899, and which at present has established, and maintains and operates any medical-surgical and hospital services plan in Puerto Rico for its dues paying members on a nonprofit basis. However, these excluded societies or associations which at present have established, and maintain and operate any hospital services plan in Puerto Rico, shall be bound to comply with sections 7, 8, and 10 of Act No. 152 of May 9, 1942 [6 L.P.R.A. §§ 47, 48 and 50], as heretofore or hereafter amended, and shall be bound to maintain the reserves required of the entities organized under said Act No. 152 of May 9, 1942 [6 L.P.R.A. §§ 41 et.seq.]

Provided, That in the case of the Commonwealth of Puerto Rico Employees' Association, the Insurance Commissioner of the Commonwealth of Puerto Rico is hereby empowered to promulgate and carry out the regulatory provisions needed to inspect and supervise the insurance activities thereof. Said regulatory provisions shall take into consideration the special nature of the Association, pursuant to the provisions of Act No. 133 of June 28, 1966, as amended, and its insurance activities.

**Section 1.080. — Commissioner, defined.** (26 L.P.R.A. § 108)

Commissioner. — Means the Commissioner of Insurance of the Commonwealth of Puerto Rico.

**Section 1.090. — Secretary, defined.** — (26 L.P.R.A. § 108a)

Secretary. — Means the Secretary of the Treasury.

**Section 1.100. — Office; definition.** — (26 L.P.R.A. § 113)

Office. — Means the Office of the Insurance Commissioner of the Commonwealth of Puerto Rico.

**Section 1.110. — Exception.** — (26 L.P.R.A. § 114)

The definitions used in this Code shall have the meaning stated in their general sense. In those chapters where there are definitions other than those generally established, the definition contained therein shall prevail.

CHAPTER 2. INSURANCE COMMISSIONER

**Section 2.010. — Creation of Office.** — (26 L.P.R.A. § 233)

The office of Insurance Commissioner of the Commonwealth of Puerto Rico is hereby created. The Commissioner shall be appointed by the Governor with the advice and consent of the Senate and shall answer directly to the Governor.

**Section 2.020. — Commissioner; salary.** — (26 L.P.R.A. § 234)

The Governor shall fix the salary of the Commissioner, taking into account the experience and skills required to an executive capable of regulating and supervising the financial activity of the extent, complexity and resources of the insurance industry.

**Section 2.030. — Authority and powers,** — (26 L.P.R.A. § 235)

(1) The Commissioner shall have the authority expressly conferred upon him/her by or reasonably implied from the provisions of this Code.

(2) The Commissioner shall discharge his/her duties and enforce the provisions of this Code. He/she shall likewise oversee for the enforcement of the public policy to be aimed at achieving the highest criteria of excellence and efficiency, properly protecting the public interest and tending to the needs of the times and the changes occurring or expected to occur in the insurance industry and in its regulations.

(3) The Commissioner may resort to any remedies, legal actions or proceedings as necessary or convenient to achieve the purposes of this Code or any law or regulation whose compliance or oversight has been entrusted to him/her, whether represented by the Secretary of Justice or upon his/her previous authorization, by his/her counselors. Furthermore, the Commissioner may designate an official from his/her Office to provide support and advice to the prosecutor of the Department of Justice who is entrusted with initiating a criminal

proceeding for violations to the laws, regulations or orders under the administration of the Office.

(4) The Commissioner shall create the necessary structures to efficiently discharge the functions and responsibilities established by this Code.

(5) The Commissioner may appoint and fix the salary of the Deputy Commissioner, who shall have the authority of exercising any power and discharging any duty expressly delegated by the Commissioner or acting on his/her behalf.

(6) The Commissioner may appoint one or more aids and assistant commissioners as he/she may deem necessary to better achieve the purposes of the Office. In addition, he/she may hire or contract examiners, insurance technical staff, and certified public accountants. The Commissioner may contract professional and consulting services, subject to the standards that apply to the public service on this matter.

(7) The Commissioner may hire or contract any competent staff as necessary to carry out all the functions of the Office, including any necessary personnel to conduct investigations or examinations, subject to the provisions of this Code.

(8) Any power, duty or function, whether ministerial or discretionary, conferred to or bestowed upon the Commissioner by law, may be exercised, complied with or carried out by any employee or deputy upon whom the Commissioner has delegated such authority.

(9) The Commissioner may, upon previous notice to the Secretary of State of Puerto Rico, represent the Commonwealth of Puerto Rico and be a member of different regional or international organizations related to the insurance industry.

(10) The Commissioner shall dictate and notify any orders as he/she may deem necessary and adequate to enforce the provisions of this Code and any other law or regulation administered by him/her. The order shall state the grounds and legal provisions on which such order is dictated or action is to be taken, the order shall also state the date in which it shall take effect.

(11) The Commissioner may establish rules and regulations to make any provision of this Code effective and to regulate its own proceedings following the procedures established therefor in Act No. 170 of August 12, 1988, as amended, known as the "Uniform Administrative Procedure Act".

(12) The Commissioner may conduct investigations and examinations as he/she may deem necessary to ensure compliance with the provisions of the Code, its regulations, and orders so issued, and to obtain any useful information in the administration thereof. For such purposes, the Commissioner may use any mechanism he/she may deem necessary. The investigation or examination may extend any person or entity that has or had had an insurance business and to any business entities or companies that have a business relationship with the former. The scope of the investigation or examination may extend outside of the jurisdiction of Puerto Rico.

(13) The Commissioner may accept, in his/her discretion, any report on an examination or investigation from any other insurance industry regulating agency in any other jurisdiction, in lieu of an examination or investigation by the Commissioner him/herself.

(14) The Commissioner shall have the authority to settle controversies on violations of the Code or the regulations thereunder, pursuant to the procedure set forth in the Uniform Administrative Procedure Act.

(15) The Commissioner shall have the authority to take oaths and statements, summon witnesses, compel their appearance, receive or gather evidence, and require the presentation

of books, papers, mail, notes, agreements, or other documents or records deemed necessary by the Commissioner.

(16) The Commissioner may refer the parties in a controversy under his/her consideration to voluntarily undergo any alternative dispute resolution proceeding.

(17) The Commissioner shall have the authority to impose administrative sanctions and penalties for violations of this Code and the regulations approved thereunder and issue any pertinent remedy authorized in the Code.

**Section 2.040. — Duties of the Commissioner. —** (26 L.P.R.A. § 236)

(1) The Commissioner shall keep the minutes and records of his/her proceedings, hearings, investigations or examinations, and shall file them in the Office.

(2) The Commissioner shall direct that, at the end of each fiscal year, an external audit of the funds of the Office shall be conducted. Not later than December 1 of each year, the Commissioner shall render to the Governor of the Commonwealth and the Legislature the report of the external auditors. A copy of such audit shall be available to the public.

(3) Not later than June 30th of the following calendar year, the Commissioner shall render an annual report to the Governor, and the Legislature through the latter. The report of the Commissioner shall include:

(a) An abridged statement of significant information obtained from the annual reports of the insurers filed in the Office.

(b) An analysis of the insurance underwritten in Puerto Rico during the preceding calendar year, obtained from the statistics available in the Office.

(c) A supporting statement of the insurers authorized to do insurance business in Puerto Rico during the preceding calendar year, including the address, date of authorization, kind of insurance underwritten, funds, deposits in benefit of policy holders in Puerto Rico, manner in which such funds have been invested, and any other information deemed pertinent by the Commissioner.

(d) Name of insurers that have closedown insurance operations in Puerto Rico and the reasons for such closing down, if known.

(e) Recommendations of the Commissioner with respect to any amendments to the insurance laws and issues affecting the Office.

(f) Any other matters and information that the Commissioner may deem pertinent and useful.

(4) The Commissioner shall prepare the operating expense budget of the Office and submit the same to the Office of Management and Budget, pursuant to the provisions of Act No. 147 of June 18, 1980, as amended, known as the "Organic Act of the Office of Management and Budget".

(5) The Commissioner shall keep the Governor informed on the progress of the Office as to new initiatives, special projects, and important activities promoted and defrayed by him/her pursuant to the provisions of Act No. 66 of May 27, 1976, as amended, which creates the "Insurance Industry Supervision and Regulation Fund.

(6) The Insurance Commissioner shall have available in his/her webpage a copy of the rules, regulations, circular letters, and normative letters drafted by the Office of the Insurance Commissioner.

**Section 2.050. — Office of Human Resources Administration. — (26 L.P.R.A. § 237)**

(1) The positions of Commissioner, Chief Deputy Commissioner, Aids, and Deputy Commissioners shall be included under trust personnel. Any person who, prior to holding any of the abovementioned trust positions, has been a regular employee in the career service, shall be entitled to be restored to a position equal or similar to that held at the time he/she was appointed to the trust position, as provided in Act No. 5 of October 14, 1975, as amended, known as the "Public Service Personnel Act".

(2) The Office shall be deemed to be an individual administrator for the purposes of the abovementioned Public Service Personnel Act. Special competence and knowledge in subjects related to the industry regulated shall be observed in the classification and compensation plan of the technical personnel Office, and the Commissioner may designate the salaries that meet their professional qualifications, which may be different from those received by personnel at the same or similar level in other government agencies.

(3) The Commissioner, in consultation with the Public Insurance Area of the Department of the Treasury, may require that any assistant or employee post a bond as he/she may deem appropriate, but in no case such bond shall be of less than twenty —five thousand (25,000) dollars, as established in Section 11 of Act No. 230 of July 23, 1974, as amended, known as the "Puerto Rico Government Accounting Act". The cost of said bond shall be charged to the operating budget of the Office.

**Section 2.060. — Interest to Commissioner and employees prohibited. — (26 L.P.R.A. § 238)**

(1) The Commissioner, Chief Deputy Commissioner, or any other deputy or employee shall not have, any direct or indirect, financial interest in any insurer or agency, or insurance transaction, except as policy holders or claimants under the policy. The public employees of the Office shall act as provided in Act No. 12 of July 24, 1985, as amended, known as the "Ethics in Government Act of the Commonwealth of Puerto Rico" and any violation of the same shall be subject to its provisions.

(2) The Commissioner may hire or contract any competent insurance personnel inasmuch as there is no conflict of interests, as provided by the Ethics in Government Act of the Commonwealth of Puerto Rico.

(3) The Commissioner, when engaging in repeated conduct, may revoke the certificate of authority of any insurer or the license of any license holder pursuant to this Code, who knowingly, violates the provisions of this section. In any case and according to the particular circumstances, the Commissioner may impose any other applicable sanctions pursuant to the Code. No certificate of authority or license thus revoked may be restored, within one (1) year after such revocation.

**Section 2.070. — Advisory Committee. — (26 L.P.R.A. § 239)**

(1) The Commissioner shall designate an Insurance Advisory Committee which shall be composed of five (5) members, to wit, one representative of the property insurance sector, one representative of the life insurance sector, one representative of the health insurance

sector, and two representatives of the public interest. The members of the Advisory Committee shall be selected by the Commissioner, for the time he/she deems necessary.

(2) The members shall receive fifty dollar (\$50) per diems for each meeting duly called and in no case shall they receive more than two thousand dollars (\$2,000) per year.

(3) The Advisory Committee shall meet at the will of the Commissioner and shall give its advice and recommendations in those issues as the Commissioner may request.

(4) The Committee shall not have any administrative or directive powers whatsoever and its function shall be exclusively advisory in nature.

**Section 2.080. — Seal and certificate. — (26 L.P.R.A. § 240)**

The seal of the Insurance Commissioner shall bear the coat of arms of the Commonwealth of Puerto Rico in the center, surrounded by the following inscription: "Insurance Commissioner of the Commonwealth of Puerto Rico".

[Every certificate or license that the Commissioner issues shall bear the seal of the Insurance Commissioner.]

**Section 2.090. — Administration of the Office's documents. — (26 L.P.R.A. § 241)**

(1) The insurance records and documents of the Commissioner shall be subject to public review, except as otherwise provided in this Code, and in the case of documents that, in the judgment of the Commissioner, it is necessary and desirable to refuse their disclosure for a certain period in benefit of the community or a particular insurer. The Commissioner may, also, refuse to publicly disclose a document when:

(a) The information requested is protected by any evidentiary privilege.

(b) The disclosure of the information requested could harm the fundamental rights of third parties.

(c) It is information collected in the course of an investigation or examination that has not concluded.

(d) The information requested is classified as confidential by a law or regulation.

(2) Subject to the provisions of Act No. 5 of December 8, 1955, known as the "Puerto Rico Public Document Administration Act", any records, papers and documents under the custody of the Commissioner may be disposed of, however, no record, paper, or document that has been filed for less than five (5) years or those that have been made, received or filed during his/her administration shall be destroyed.

(3) The Commissioner may photocopy or reproduce whether physically, electronically or by any other means which exactly reproduces the original, any document, record, financial statement, business report, examination report and any other records or documents filed in the Office.

(4) The Commissioner shall keep an official record of each administrative procedure conducted, pursuant to the provisions of the Uniform Administrative Procedure Act.

**Section 2.100. — Orders and notices.** — (26 L.P.R.A. § 242)

(1) In exercising the powers and authorities delegated upon the Commissioner under this Code, the Commissioner shall issue any orders that he/she deems pertinent. The order thus issued shall contain:

- (a) The identification of the person to whom it is addressed.
  - (b) The facts constituting the imputed violation, if such is the case, stating the provisions of the Code, laws or regulations under which action has been taken.
  - (c) The purpose and basis upon which it is based.
  - (d) The date in which such order shall take effect.
- (2) The order may contain a fine or sanction proposal, if applies.
- (3) The order shall be issued in writing and signed by the Commissioner or the official upon whom such function is delegated by virtue of his/her authority.
- (4) The order shall be notified to the affected party in person or by mail. In the event it is necessary and convenient, the Commissioner may issue the notice of the order in advance by email or fax in addition to the mechanisms established above.

**Section 2.110. — Investigation or examination of insurers.** — (26 L.P.R.A. § 2)

- (1) The Commissioner shall investigate or examine the operations, transactions, accounts, records, documents, and capital of every authorized insurer.
- (2) The Commissioner shall examine every insurer at least once every five (5) years.
- (3) The investigation or examination of foreign insurers may circumscribe to their insurance operations in Puerto Rico. The Commissioner may, in his/her discretion, accept the full report of a similar investigation or examination conducted by the insurance regulating official of a state or country, under the laws thereof, in lieu of conducting an investigation or examination of this kind to a foreign insurer.
- (4) If in the course of an investigation or examination, the Commissioner finds that the accounts are unduly kept or transferred or are not adequate, he/she may resort to experts in order to readjust, transfer or balancing the same chargeable to the person under investigation or examination, if such person has failed to complete or correct such accounting after the Commissioner has given him/her notice and the opportunity to do so.
- (5) If the Commissioner deems it necessary to assess any real or personal property involved in any of such investigations or examinations, he/she may hire competent appraisers to such purposes.

**Section 2.120. — Other investigations and examinations.** — (26 L.P.R.A. § 244)

The Commissioner may, for the purpose of determining compliance with this Code, investigate or examine the accounts, records, documents, businesses, and operations related to the insurance business of:

- (1) Any person who has an authorization, license or permit duly issued by the Office to conduct insurance business.
- (2) Any person who has an administration contract with an insurer.

(3) Any person who holds capital stock or policy holder proxies of a domestic insurer for the purpose of having control over its administration, whether as voter trustee or otherwise.

(4) Any person in Puerto Rico who is engaged or attempts to be engaged in or helps in the promotion, formation or financing of an insurer or corporation that holds or is the majority shareholder thereof.

(5) Any person or entity that has or has had an insurance business and those commercial entities or companies that have a business relation therewith.

**Section 2.130. — Access to documents. — (26 L.P.R.A. § 245)**

(1) Any person being under investigation or examined, its officials, employees and representatives shall produce and make freely accessible to the Commissioner or his/her investigators or examiners the accounts, records, documents, files, assets; and any other issue in his/her power or control regarding the subject matter of the investigation or examination and shall otherwise facilitate the examination.

(2) Any person who hinders, helps or assists in hindering, delaying, or interfering the investigation may be sanctioned by a fine which shall not be less than five hundred dollars (\$500) nor more than ten thousand dollars (\$10,000) and shall be subject to contempt as provided in Section 2.160 of this Code.

**Section 2.140. — Examination report. — (26 L.P.R.A. § 246)**

(1) The Commissioner shall make a full written report of every examination conducted.

(2) The Commissioner shall send a copy of the report to the person examined, not less than twenty (20) days prior to the filing of the report for public inspection in the Office. Upon the written request of such person within the twenty (20) day period he/she may submit any objections to the report. The Commissioner shall hold a meeting to consider the objections to such report. If after holding the meeting, the examined person still has objections to the report, he/she may request the Commissioner to hold a hearing for the consideration thereof. The filing of the report for public inspection shall be postponed until the controversy is definitively settled.

(3) Once it is filed for public inspection, the report shall be admissible as evidence in any action or proceeding initiated by the Commissioner against the examined person or his/her officials or representatives; except that the Commissioner or his/her examiners may, at any time, testify and offer other proper evidence as to information secured during the course of an examination, regardless of the fact that a written report of the examination has been either furnished or filed in his/her office at that time.

(4) The Commissioner may withhold any report from public inspection for the reasons stated in Section 2.090 of this Code.

**Section 2.150. — Cease and desist order. — (26 L.P.R.A. § 247)**

(1) If the Commissioner, upon previous notice and hearing, determines that a person is engaged or has been engaged in carrying out actions or practices prohibited by this Code,

may, in addition to any other authorized remedy or penalty, issue an order so that the person ceases and desists from carrying out the actions or practices thus prohibited.

(2) If the Commissioner believes that a person who is engaged in the insurance business in Puerto Rico is employing any competition method or any act or practice in the administration of his/her business other than those defined under this Code, and such competition method is unfair or such act or practice is unfair or deceitful, and that any provision thereof would be of public interest, the Commissioner after reaching a determination through a hearing, shall order said person to desist from such acts or practices.

(3) The Commissioner may issue a provisional cease and desist order, without previously holding a hearing, in the event of a situation that is causing or may cause imminent harm to the public health, safety or wellbeing or that requires immediate action by the Office. Said order shall state a brief statement of the public policy that justifies the actions of the Office. The Commissioner shall notify, in the manner that he/she deems more convenient, the persons compelled to comply with such order. The Commissioner shall hold a hearing within ten (10) days following the issue of the provisional order, in order to determine whether the same shall become permanent or is rendered ineffective.

**Section 2.160. — Contempt proceedings.** — (26 L.P.R.A. § 2160)

(1) The Commissioner may require the production of documents, take statements, subpoena witnesses and furnish evidence under penalty of contempt, take oaths, and examine under oath any person with respect to any matter or issue under investigation or examination.

(2) Any subpoena issued by the Commissioner under penalty of contempt shall have the same force and effect and shall be served as if it would have been issued by any Part of the Court of First Instance.

(3) If any person fails to obey a subpoena issued by the Commissioner under penalty of contempt, or obeys the subpoena but refuses to furnish the documents requested or testify when required concerning any matter under examination or investigation or the subject of the hearing, the Commissioner shall file a written report of such fact, together with proof of the subpoena and service thereof before the Court of First Instance. The court shall forthwith cause the individual to be brought before it and may punish him/her as if the failure or refusal would have been related to a subpoena from or testimony in that court.

**Section 2.170. — Testimony compelled.** — (26 L.P.R.A. § 249)

No person shall be excused from attending and testifying or producing evidence upon any examination, hearing, or investigation conducted by or under authority of the Commissioner, on the ground that his/her testimony or the evidence required of him/her may tend to incriminate him/her or subject him/her to a penalty or forfeiture. Unless such person in writing expressly waives such privilege or immunity, he/she shall not be prosecuted or punished in any criminal action or proceeding as a result of any act, transaction, matter or thing concerning which he/she is so compelled to produce evidence or to testify under oath, except for perjury committed in such testimony; but such immunity shall not bar the suspension or revocation of any certificate of authority or license held by such person under this Code.

**Section 2.180. — Alternative dispute resolution process. — (26 L.P.R.A. § 250)**

(1) Any alternative dispute resolution process, including mediation, shall be an alternative to settle disputes that arise from an investigation or before the consideration of the Commissioner.

(2) The Commissioner shall determine which disputes, issues, or conflicts are eligible for an alternative dispute resolution process.

(3) These processes shall be governed by the regulations promulgated by the Commissioner to such effects.

**Section 2.190. — Hearings. — (26 L.P.R.A. § 251)**

(1) The Commissioner shall hold the following administrative adjudication hearings:

(a) Hearings required by any provision of this Code or any other law.

(b) Hearings deemed necessary by the Commissioner for such purposes are within the scope of this Code.

(c) Hearings requested by any person aggrieved by any act, report, promulgation, regulation, or order of the Commissioner.

The holding of an administrative adjudication hearing shall not be necessary when the Commissioner determines, upon request of any of the parties, to issue a summary resolution as provided in Section 2.220.

(2) All requests for a hearing shall be in writing, expressly specify in what respects the person requesting it is aggrieved and the grounds of or provision of law to be relied upon as the basis for his/her request. The Commissioner shall hold such hearing so requested, within sixty (60) days after the receipt of the request.

**Section 2.200. — Notice and hearing procedure. — (26 L.P.R.A. § 250)**

Except as otherwise provided in this Code, the adjudication procedure may be initiated upon request of the Commissioner or the filing of a request in writing by the aggrieved party as provided in Section 2.190.

The notice of the hearing shall be issued and the hearing proceeding shall be held pursuant to the provisions of the Uniform Administrative Procedure Act.

**Section 2.210. — Prehearing conference. — (26 L.P.R.A. § 251)**

If the Commissioner determines that it is necessary to hold an administrative adjudication hearing, he/she may summon all parties or their authorized representatives and interveners, whether on their own or upon request by any of the parties, to a prehearing conference for the purpose of achieving a definite agreement or simplify the issues in dispute or the proof to be considered during the hearing. Agreements between the parties to settle disputes may be accepted, insofar as the Commissioner determines it would best serve the public interest.

**Section 2.220. — Resolution or order. — (26 L.P.R.A. § 252)**

(1) A final order or resolution shall be issued by the Commissioner after the conclusion of adjudication procedure. The Commissioner or any other official onto whom he/she delegates, shall sign the order or resolution, which shall include and state separately the findings of fact, if not waived, and the conclusions of law. The order or resolution shall state the right to request reconsideration before the Office of the Commissioner or to file a writ for review before the Court of Appeals stating the corresponding terms. The notice and the filing of the order or resolution in the record of the case shall be carried out pursuant to the provisions of the Uniform Administrative Procedure Act.

(2) The Commissioner may issue a summary resolution settling, in whole or in part, the controversies, provided that he/she determines that in light of the documents before his/her consideration, there is no real conflict as to the material facts and that only conflicts of law are to be adjudicated. In the event that a decision summarily rendered settles any and all disputes before the consideration of the Commissioner, the holding of a hearing shall not be necessary. Any party adversely affected by the decision so rendered shall be duly notified on the same, and shall exercise his/her right to request judicial review as provided in the Uniform Administrative Procedure Act.

**Section 2.230. — Compliance. — (26 L.P.R.A. § 255)**

If the Commissioner have cause to believe that any person violates or attempts to violate any provision of this Code or order lawfully issued by him/her, the Commissioner shall, in his/her discretion, certify the facts of such violation to the Secretary of Justice to require compliance by judicial means or initiate action by administrative means.

The legal representation of the Commissioner in these cases shall be through the Secretary of Justice. Upon previous agreement between the Secretary of Justice and the Commissioner, the Legal Division of the latter may intervene in the legal representation mentioned in this section.

**Section 2.240. — Contribution of funds. — (26 L.P.R.A. § 256)**

(1) The necessary funds to defray regular operating expenses of the Office of the Commissioner shall originate from the annual fees that, pursuant to Section 7.010 of this Code, are to be made by the persons engaged in transacting or contracting insurance under any certificate of authority, license, certificate of eligibility or permit issued by the Commissioner pursuant to this chapter or any special law.

(2) The persons or entities that make the annual fees established in Section 7.010(1) of this Code or through regulations shall not be bound to defray expenses relative to examinations or fees established in this chapter or by regulations. The scope of the abovementioned exemption does not include taxes on premiums, administrative fines, and fees established in Section 7.010(2)(f) of this Code, the payment for publications sold by the Commissioner, the cost of the appraisal of a real or personal property involved in any investigation or examination made by a competent appraiser or the costs of an expert hired pursuant to Section 2.110(4) of this Code.

(3) Foreign insurers who pay the annual fees established in Section 7.010 of this Code may deduct the sum thereof from the taxes on premiums that they are required to pay pursuant to Section 2.110(4) of this Code during the year such fees are paid.

(4) The Commissioner, through regulations to such effect, may increase at five (5) year intervals, to be counted as of the effective date of this Chapter, the fees established in Section 7.010, provided that the budgetary needs of the Office so justify. However, the fee increase rate shall not exceed the average annual inflation rate published by the Department of Labor and Human Resources during said five (5) year period.

**Section 2.250. — Penalties. — (26 L.P.R.A. § 257)**

Those violations to the provisions of this Code and the rules and regulations promulgated thereunder for which a penalty has not been established in this Code, shall be subject to an administrative fine of not less than five hundred dollars (\$500) or more than ten thousand dollars (\$10,000) for each violation.

CHAPTER 2A. INSURANCE COMMISSIONER

CHAPTER 3. AUTHORIZATION OF INSURERS AND GENERAL REQUIREMENTS

CHAPTER 4. KINDS OF INSURANCE; REINSURANCE; LIMITS OF RISK

CHAPTER 5. ASSETS AND LIABILITIES

CHAPTER 6. INVESTMENTS

CHAPTER 6A. INVERSIONS

CHAPTER 6B. INVESTMENTS

CHAPTER 7. FEES AND TAXES

CHAPTER 8. ADMINISTRATION OF DEPOSITS

CHAPTER 9. AGENTS, BROKERS, SOLICITORS, ADJUSTERS AND INSURANCE CONSULTANTS

CHAPTER 9A. PRODUCER, AUTHORIZED REPRESENTATIVE, SOLICITOR, GENERAL AGENT, ADJUSTER AND INSURANCE CONSULTANT

CHAPTER 10. UNAUTHORIZED INSURERS

CHAPTER 11. THE INSURANCE CONTRACT

CHAPTER 12. RATES AND RATING ORGANIZATIONS

CHAPTER 13. LIFE INSURANCE AND ANNUITIES

CHAPTER 13A. LIFE INSURANCE AND ANNUITIES

CHAPTER 14. GROUP LIFE INSURANCE

CHAPTER 15. INDUSTRIAL LIFE INSURANCE

CHAPTER 16. DISABILITY INSURANCE

CHAPTER 17. GROUP AND BLANKET DISABILITY INSURANCE

CHAPTER 18. CONSUMER CREDIT INSURANCE

CHAPTER 19. HEALTH SERVICES ORGANIZATIONS

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CHAPTER 21. AUTOMOBILE CLUBS OR ASSOCIATIONS AND SERVICE CONTRACTS

CHAPTER 22. SURETY

CHAPTER 23. MORTGAGE LOANS INSURANCE

- CHAPTER 24. TITLE INSURANCE
- CHAPTER 25. RESERVE FOR CATASTROPHIC INSURANCE LOSSES
- CHAPTER 26. UNCLAIMED FUNDS IN INSURANCE COMPANIES, GENERAL AGENTS, MANAGERS AND PRODUCERS
- CHAPTER 27. UNFAIR PRACTICES AND FRAUDS
- CHAPTER 28. ORGANIZATION OF INSURERS
- CHAPTER 29. CORPORATE POWERS AND PROCEDURES OF DOMESTIC STOCK AND MUTUAL INSURERS
- CHAPTER 30. PROMPT PAYMENT OF CLAIMS TO HEALTH SERVICES PROVIDERS
- CHAPTER 31. COLLECTIVE BARGAINING OF PROVIDERS AND HEALTH SERVICES ORGANIZATIONS
- CHAPTER 33. RECIPROCAL INSURERS
- CHAPTER 34. INSURANCE COOPERATIVES
- CHAPTER 35. LLOYD'S INSURERS (DOMESTIC)
- CHAPTER 36. INSURANCE-FRATERNAL BENEFIT SOCIETIES
- CHAPTER 37. JOINT UNDERWRITING ASSOCIATION FOR FIRE AND ALLIED LINES INSURANCE
- CHAPTER 38. MISCELLANEOUS INSURANCE GUARANTY ASSOCIATION
- CHAPTER 39. LIFE AND DISABILITY INSURANCE GUARANTY ASSOCIATION
- CHAPTER 40. REHABILITATION AND LIQUIDATION
- CHAPTER 41. MEDICAL-HOSPITAL PROFESSIONAL LIABILITY INSURANCE
- CHAPTER 42. CHARITABLE ANNUITIES
- CHAPTER 42A. VIATICAL SETTLEMENTS
- CHAPTER 43. INTERNATIONAL INSURERS AND REINSURERS
- CHAPTER 45. RISK BASED CAPITAL

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