

(Substitute for
H. B. 2613)

(No. 143)

(Approved August 2, 2006)

AN ACT

To amend Articles 9.440 and 9.450 of Act No. 98 of June 5, 1973, as amended, known as the “Insurance Code of Puerto Rico” to grant the Commissioner the power to issue a temporary license as producer, acting as authorized representative, before taking the examination for the permanent license and in any other case that the Commissioner may deem necessary; and to establish the terms which shall govern temporary licenses.

STATEMENT OF MOTIVES

Act No. 10 of January 19, 2006, amended Chapter 9 of the “Insurance Code of Puerto Rico” in its entirety. Consequently, various sectors within the insurance industry have been particularly impacted by said Act. One of the most notable changes caused by Act No. 10 was the elimination of temporary licenses for insurance producers.

Said amendment was contrary to the purpose of Act No. 10, as set forth in its Statement of Motives. According to said text, Act No. 10, intended to implement in the Puerto Rican insurance industry the trends developed by the National Association of Insurance Commissioners (NAIC) as provided by the “Producer Licensing Model Act.” Said Model Act contains provisions on temporary licenses as producers, as is the common practice of the Puerto Rican insurance industry for decades.

Temporary licenses are particularly important to the Puerto Rican insurance industry. These provide the industry, as well as the many persons engaged therein, with an adequate incentive to begin a professional career within said economic sector, while providing due compliance with the minimum aptitude requirements for the protection of the average consumer. In addition, in view of the economic reality of the Island, these temporary licenses are more important at this time than at any other time in history. Thus, enterprising Puerto Ricans shall have the opportunity to begin a professional career within an industry that offers a service of singular importance.

For all the above, this Legislature deems it necessary to reestablish the temporary license mechanism in the Insurance Code.

BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:

Section 1.- Subsection (1) of Article 9.440 of Act No. 98 of June 5, 1973, is hereby amended to add clauses (d) and (e), as well as subsection (2) to read as follows:

“Article 9.440.- Temporary Licenses; Issuance

(1) The Commissioner may issue a temporary license as producer in the following cases:

- (a) ...
- (d) An applicant for the license as producer while waiting to complete the corresponding examination satisfactorily.
- (e) In any other case whereby the Commissioner deems that the public interest shall be better served by the issue of such a license.

(2) In order to be eligible for a temporary license, a person shall qualify as if for a regular license, except as to the experience,

education, and passing the examination. However, applicants shall show that they have a representation contract with an insurer authorized to do business in Puerto Rico, so that they may be exempted from submitting proof of financial liability as provided by Section 9.200.

...”

Section 2.- Subsections (1) and (3) of Article 9.45 of Act No, 98 of June 5, 1973, are hereby amended and a new subsection (4) is hereby added to read as follows:

“Article 9.45.- Temporary License, duration, limitations.

- (1) A temporary license shall expire within one hundred and eighty (180) days following its date of issue or upon receipt of notice of not having approved the examination after which such a license would have been issued, whichever occurs first, except that the license holder is unable, due to reasonable causes, to take the examination within said one hundred and eighty (180) day term, the temporary license shall continue in effect, upon written request of the license holder. Before the expiration date of the one hundred and eighty (180) day term and upon presentation of satisfactory proof of such causes before the Commissioner, until having reasonable opportunity for taking the examination and obtaining the results of the same. The Commissioner may, for just cause, extend for reasonable additional periods any license thus issued because of the death or disability of the agent or broker.

- (2) ...
- (3) As to those persons who were authorized as authorized representatives due to the death, disability, or absence of an agent, a temporary license shall be required for each insurer to be represented and the insurers shall be limited to those represented by the predecessor agent at the time of the death or disability, or at the beginning of the absence, and no license shall be issued to said holder of a temporary license as to any additional insurer during the existence of a temporary license.
- (4) The holder of a temporary license shall have all the rights and privileges of a holder of a permanent license of the same class, provided, that the holder of a temporary license shall not be entitled to receive or be able to receive any commission or compensation whatsoever on account of a new 'controlled business' subscribed by him/her unless he/she qualifies for receiving an equal permanent license before the expiration date of the temporary license."

Section 3.- Severability of Provisions

The provisions of this Act are independent and severable; if any of its provisions is declared unconstitutional by a Court with jurisdiction and competence, the remaining provisions of this Act shall not be affected and the Act thus modified by the ruling of said Court shall continue in full force and effect.

Section 4.- Effectiveness

This Act shall take effect immediately after its approval.

CERTIFICATION

I hereby certify to the Secretary of State that the following Act No. 143 (Substitute for H.B. 2613) of the 3rd Session of the 15th Legislature of Puerto Rico:

AN ACT to amend Articles 9.440 and 9.450 of Act No. 98 of June 5, 1973, as amended, known as the “Insurance Code of Puerto Rico” to grant the Commissioner the power to issue a temporary license as producer, acting as authorized representative, before taking the examination for the permanent license and in any other case that the Commissioner may deem necessary; and to establish the terms which shall govern temporary licenses,

has been translated from Spanish to English and that the English version is correct.

In San Juan, Puerto Rico, today 26th of February of 2007.

Francisco J. Domenech
Director