



GOVERNMENT OF PUERTO RICO
Office of the Commissioner of Insurance

October 4, 2017

NORMATIVE LETTER NUM. CN- 2017-223-D

ALL PROPERTY AND CONTINGENCY INSURERS, PUBLIC AND INDEPENDENT ADJUSTERS, PRODUCERS AND AUTHORIZED REPRESENTATIVES, AUTHORIZED TO DO INSURANCE BUSINESS IN PUERTO RICO

SPECIAL PERMIT FOR INDEPENDENT AND PUBLIC EMERGENCY ADJUSTERS PROCEDURE DURING A GENERAL CATASTROPHE.

Dear Sir or Madam:

The proper handling of claims is essential to achieve a prompt recovery of our Island after a catastrophic event. For the adjustment of losses arising from a general catastrophe, the Puerto Rico Insurance Code, Section 9.310, 26 L.P.R.A. §952, enables the Commissioner of Insurance to issue a special permit to any person qualified to act as an emergency adjuster, as prescribed by the Commissioner to do so. With the intent of delineating the requirements and conditions for the issuance of the special emergency adjuster permit, the Office of the Commissioner of Insurance (OCI) adopts this normative letter.

The requirements and conditions herein contained have been established to ensure applicants' suitability and competence to serve as emergency adjusters. Also, herein established are the requirements applicable to producers which, by virtue of his/her license, temporarily act as adjusters during a general catastrophe. In this way, we ensure the protection claimant-policyholders and the general public's interest.

I. DETERMINATION OF A GENERAL DISASTER

- A. General catastrophe, pursuant to Section 9.310 of the Puerto Rico Insurance Code, supra, means a sudden disaster or phenomenon, that causes losses in Puerto Rico, covered by insurance, that are so numerous and severe that research, adjustment and resolution of claims cannot be done within the parameters set forth in Section 27.162 of the Puerto Rico Insurance Code, 26 L.P.R.A. §2716 (b). A general catastrophe must be decreed by the Governor of Puerto Rico.
- B. To demonstrate that there is a need to appoint emergency adjusters, the insurer must establish one of the two (2) following conditions:
 - (1) Certify that it expects to incur in, at least, 500 claims directly related to the general catastrophe; or



- (2) That given the magnitude of the disaster, it is expected to receive double the number of ordinary monthly claims.

The insurer shall also indicate the approximate number of independent emergency adjusters needed to attend the claims resulting from the general catastrophe.

II. EMERGENCY ADJUSTER SPECIAL PERMIT APPLICATION

- A. Any person interested in proceeding as an independent or public emergency adjuster must complete and submit to the OCI the application adopted by the Commissioner of Insurance, titled as, "Application for Special Permit for Emergency Adjuster" (OCS-AE-2017-01), which is included and made part of this normative letter.
- B. Before issuing an independent or public emergency adjuster special permit, the Commissioner shall evaluate whether the applicant meets the following requirements:
 - (1) Has eighteen (18) or more years of age and has completed high school degree or equivalent. The applicant must provide evidence of high school diploma or higher academic degree attained (associated or technical degree, bachelors, masters, etc.).
 - (2) Be reliable and competent. The applicant must submit with the application a resume or "curriculum vitae," containing previous employment experiences, academic education, training and professional licenses held.
 - (3) Pay a two hundred and fifty dollar (\$250) fee for the "Application for Special Permit for Emergency Adjuster."
 - (4) The public emergency adjuster applicant must file a ten thousand dollar (\$10,000) bond in favor of the Government of Puerto Rico.
- C. If the applicant, at the time of filing of the "Application for Special Permit for Emergency Adjuster," does not have any of the documents required to complete the application, the applicant must provide, within a period of fifteen (15) calendar days from the date of the application was first filed, all documents required not previously filed to complete the application. If the documents needed to complete the application are not filed within the fifteen (15) day period above mentioned, the special permit for emergency adjuster will be automatically revoked.
- D. The Commissioner of Insurance will issue his determination whether to approve or disapprove the "Application for Special Permit for Emergency Adjuster" within a period not exceeding forty-eight (48) hours from the date of the application was duly filed. If approved, the Commissioner shall issue the requested special permit for emergency adjuster.

III. AUTHORIZATION FOR INDEPENDENT EMERGENCY ADJUSTER

- (1) Any person interested in obtaining a special permit to act, on behalf an insurer, as independent emergency adjuster must meet the following requirements:
 - (a) Have completed and submitted the "Application for Special Permit for Emergency Adjuster" (No. OCS-AE-2017-01) with this Office.

- (b) Provide a resume or "curriculum vitae," containing previous employment experiences, academic education, training and professional licenses held.
 - (c) Have paid the two hundred and fifty dollars (\$250) fee, per person.
 - (d) Obtain the approval to act as an independent emergency adjuster from the Commissioner.
- (2) A producer hired by the insurer to act as its authorized representative may, on behalf of the insurer and by virtue of the authority given to him by the insurer, adjust claims resulting from a catastrophe, without the need of an adjuster license. To do so, the insurer must comply with the following requirements:
- (a) Notify the Commissioner, in writing, within thirty (30) calendar days from the date of the appointment, the name and last name of each authorized representative whom the insurer has appointed to act as an independent emergency adjuster.
 - (b) Certify the need to appoint emergency independent adjusters, based on one of the two (2) circumstances set forth in Section I(B) of this normative letter.
 - (c) The independent emergency adjuster appointment during a general catastrophe shall not exceed a ninety (90) days term. This term may be extended by the Commissioner, upon written request by the insurer, at least, fifteen (15) days before the date of expiration of the term, justifying the reasons for which the requested extension of time should be granted.
 - (d) The authorized representative appointed as independent emergency adjuster may not act as adjuster, investigate, report or settle claims relating to any policy, contract, portfolio, insurance coverage brokered, processed or managed by him during his responsibilities as authorized representative.
 - (e) The two hundred and fifty dollar (\$250) fee for the independent emergency adjuster special permit will not apply, if the authorized representative is currently licensed and in good standing in Puerto Rico.
- (3) A Puerto Rico license will not be required from a nonresident independent adjuster licensed in any other jurisdiction of the United States, accredited by the "National Association of Insurance Commissioners" (NAIC), for the adjustment of losses from a general catastrophe, and also meets the following requirements:
- (a) Complete and submit the "Application for Special Permit for Emergency Adjuster" (No. OCS-AE-2017-01) with this Office.
 - (b) Submit a certificate of good standing, issued by the jurisdiction of the United States of origin, certifying that the applicant has not committed any act that is or may be grounds for license denial, suspension, or revocation;
 - (c) A nonresident independent adjuster, from a jurisdiction of the United States accredited by the NAIC, will not have to pay the applicable fee for the independent emergency adjuster special permit, if his jurisdiction of origin provides similar privilege to a resident of Puerto Rico.
- (4) A nonresident independent adjuster, from a foreign country outside the United States, interest in adjusting claims resulting from a general catastrophe in Puerto Rico, must pay the two hundred and fifty dollars (\$250) applicable fee for the independent emergency adjuster

special permit and comply with the requirements set forth in Section II of this normative letter.

IV. AUTHORIZATION FOR PUBLIC EMERGENCY ADJUSTER

- (1) Any person, resident or nonresident in Puerto Rico, interested in working as a public emergency adjuster during a general catastrophe, must meet the following requirements:
 - (a) Complete and submit the "Application for Special Permit for Emergency Adjuster" (No.OCS-AE-2017-01) with this Office.
 - (b) Provide a resume or "curriculum vitae", containing previous employment experiences, academic education, training and professional licenses held.
 - (c) Pay the two hundred and fifty dollar (\$250) fee for the "Application for Special Permit for Emergency Adjuster."
 - (d) File a ten thousand dollar (\$10,000) bond in favor of the Government of Puerto Rico.
 - (e) Obtain the approval to act as a public emergency adjuster from the Commissioner .
- (2) An authorized producer may help persons, insured through his conduit, in settlement negotiation and adjustment process of losses under such insurance, without an adjuster license. In this case, the two hundred and fifty dollar (\$250) fee for the emergency adjuster special permit will not apply, if the producer is currently licensed and in good standing in Puerto Rico.

Any producer that helps in the liquidation and adjustment process of claims resulting from a general catastrophe must submit to the Commissioner a report of all the loss adjustments incurred (including the name and surname of the insured, policy number and claim number), within thirty (30) days from each loss adjustment completed.

V. DURATION OF THE EMERGENCY ADJUSTER SPECIAL PERMIT

The validity of the emergency adjuster special permit will not exceed one hundred and eighty (180) days, from the date of issuance. Any request for extension of time, must be filed, in writing, justifying the reasons for which the requested extension of time should be granted, at least, fifteen (15) days before the date of expiration.

VI. SURETY - BOND

Any person requesting a special permit from the Commissioner to act as a "public emergency adjuster" must file, the moment the application is initially filed, a bond in favor of the Government of Puerto Rico, in the amount of ten thousand dollars (\$10,000). As for Corporations or Societies, the bond amount must be multiplied times the number of individual applicants acting on behalf of the Corporation or Society.

Pursuant to Section 9.320 (2) of the Puerto Rico Insurance Code, 26 L.P.R.A. §952a(2), the bond must be continuous in its form and not be subject to cancellation unless a written notice is presented sixty (60) days prior to its cancellation.

VII. FEE PAYMENT

The two hundred and fifty dollar (\$250) fee for the emergency adjuster special permit must be submitted by the applicant, with the “Application for Special Permit for Emergency Adjuster,” through any of the following payment methods: corporate check, certified check or money order, payable to the Government of Puerto Rico, or any other means determined by the Commissioner.

VIII. EFECTIVE DATE

The provisions contained in this normative letter will begin to rule immediately on the date of its adoption. This normative letter supersedes Normative Letter No. N-1-3-35-2003 and any other normative or circular letter previously issued by this Office regarding the same subject and that is inconsistent with the provision established herein. Any permit requested to act as an emergency adjuster will be processed in accordance to the requirements and conditions set forth in this normative letter.

Strict compliance with the aforesaid provisions is hereby required.

Cordially,

SIGNATURE

Javier Rivera-Ríos, LUCTF
Commissioner of Insurance

THIS IS NOT A CERTIFIED TRANSLATION

If any inconsistencies in translation and/or interpretation arise between the Spanish version and the English version of this document, the Spanish version will supersede the English version.