

(H. B. 4068)

(No. 230)

(Approved August 9, 2008)

AN ACT

To amend Chapter 27 of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” for the purpose of adjusting it to the new practices in the insurance industry.

STATEMENT OF MOTIVES

Insurance is a product that plays an essential role in our general economy and society. All society members are exposed to unexpected events over which they have little or no control at all such as, accidents, fires, earthquakes, hurricanes, and others. These mostly unexpected and unpredictable situations cause damages and losses to our properties and to ourselves, thus affecting individuals, families, and businesses. Although insurance does not prevent these events from happening, they offer a great deal of help in lessening the economic impact brought about by the same. Insurance also allows people to recover from their losses, take a chance on creating their own businesses, and also provides greater security so that more people may participate in the production needed by society, thus providing the much needed stability by the citizens. Since such products have a great impact on our society, the Commonwealth has vested them with high public interest.

However, it is also a technical and complex product as well as somehow unknown and difficult to understand. In order to obtain its protection, a premium must be paid in advance in exchange for the promise of the insurer to pay for the losses suffered should the covered events arise. On occasion, a marked unbalance is produced between the knowledge of the insurance consumer and that of the insurance sales representative and the company selling the same. This unbalance oftentimes works unfavorably for the person who acquires the insurance product, who truly learns the product acquired and paid for for years, at the time of a loss.

The insurance market is highly competitive in terms of products and prices. This often aggressive competitiveness can be unfair and, on occasion, it can lead to deceitful, dishonest and unsuitable activities. The Commonwealth is duty bound to protect the insurance consumer and prevent insurers insolvencies in order for them to honor such payment promises.

Hence, this measure is deemed essential in order to regulate the insurance business practices and prohibit unfair competition methods or actions, or dishonest, deceitful and even fraudulent practices that not only harm the insurance consumer, but also the economy of the Island and the general society.

BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:

Section 1.- Sections 27.090, 27.120, 27.140, 27.170, 27.180, 27.210, 27.210A, 27.220, 27.230, 27.240, 27.250, 27.290, 27.300, 27.340, and 27.360 of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” are hereby repealed.

Section 2.- Section 27.150 of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” is hereby renumbered as Section 27.030, Section 27.050 as Section 27.060, Section 27.070 as Section 27.080, and Section 27.080 as Section 27.130, and Section 27.130 as Section 27.141.

Section 3.- Section 27.040 is hereby added to Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” to read as follows:

“Section 27.040. - Obligation to Notify Coverage; Policy Copy

Unless otherwise provided in this Code, any insurer, health service organization or its authorized representative may submit, upon written request by the Commissioner, insurer, beneficiary or claimant, within ten (10) days following such notice, a copy or duplicate of the corresponding policy; provided that, if such request is from the Commissioner, the same shall be free of charge; however, if it is from any other herein related parties, the cost per paper copy shall be not greater than ten (.10) cents each.

Failure to comply with the obligation to deliver the required information or documents within ten (10) days or to collect payment for any of the above paragraphs, may be punishable by an administrative fine, pursuant to Section 27.260 of this Chapter.”

Section 4.- Section 27.040 of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” is hereby amended and renumbered to read as follows:

“27.050.- Advertisements in general

No person shall make or disseminate orally or in any other manner any advertisement, information, matter, statement, or any other type of communication or expression:

- (1) ...
- (2) ...
- (3) ...
- (4) ...
- (5) ...
- (6) Leading a person to believe that the insurance products offered by a financial institution, its subsidiaries or affiliates, that are obtained by any of them, are sponsored by the federal or state government.
- (7) Providing for the sale of an insurance product not authorized under this Code.”

Section 5.- Section 27.030 of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” is hereby amended and renumbered to read as follows:

“27.070 Unreasonable restraint of the insurance business, conditioned subscription, interlocking control, monopoly

- (1) No person shall enter into or concert any action, or agreement to commit, or by any concerted action shall commit any act of boycott, coercion or intimidation resulting in or tending to result in unreasonable restraint of or in a monopoly in the insurance business.
- (2) ...
- (3) Any insurer may retain, invest in or acquire the whole or any part of the capital stock of any other insurer or insurers, or have a common management with any other insurer or insurers, unless such retention, investment, acquisition or common management is inconsistent with any other provision of this title, or unless by

reason thereof the business of such insurers with the public is conducted in a manner which substantially lessens competition in general in the insurance business or tends to create a monopoly therein.

- (4) A person may be a director of two or more insurers which are competitors, unless the effect thereof is to substantially lessen competition between insurers in general or tends to create a monopoly.”

Section 6.- Section 27.060 of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” is hereby amended and renumbered to read as follows:

“Section 27.081.- Prohibited Property Insurance Practices

In the offering and underwriting of property insurance policies that cover windstorm or earthquake risks, the following shall be observed:

- (1) ...
- (2) ...
- (3) ...
- (4) ...
- (5) Unless the insured or the prospective insured person chooses another arrangement, each insurer shall offer as option, if available, a clause indicating a deductible prorated in percentage terms in any property policy that covers or shall cover a condominium for windstorm or earthquake hazards. Said deductible prorated in percentage terms shall require the application of deductibles in the case of losses in units of a condominium or in its common areas, in proportion to the ratio

between the area of said units and the common areas thus affected and the total area of the condominium.

(6) ...”

Section 7.- Section 27.060 of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” is hereby amended and renumbered to read as follows:

“Section 27.090.- False financial statements

- (1) No chief official of an insurer shall swear an annual statement report knowing that it contains false or inaccurate information.
- (2) No person shall make any false entry in any book, report or statement or omit to make a true entry of any material fact pertaining to the business of the insurer, or file a false financial situation of any insurer or other person required to file accounts statements pursuant to the provisions of this Code.
- (3) No person shall make a compilation that contravenes the accounting methods and practices generally accepted within the insurance business or those approved by the Commissioner.
- (4) Any person who intentionally violates this provision shall incur a felony.”

Section 8.- Section 27.100 of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” is hereby amended to read as follows:

“27.100.- Rebates and Incentives

- (1) No person shall provide as an incentive to buy insurance, or after having underwritten an insurance, or in connection with any insurance transaction in any policy, or shall offer, sell, buy, or

offer or promise to buy, sell, give, promise, or allow, to the present or prospective insured nor to any other person, in his behalf, in any manner whatsoever:

- (a) Any rebate, discount, abatement, credit or reduction of the premium stipulated in a policy.
 - (b) Any special favor or advantage in the dividends or other benefits to accrue in a policy.
 - (c) Any other valuable consideration including money, prizes, goods, wares, merchandise, shares or any other securities issued or to be issued, or any interest therein or rights thereto.
 - (d) Any incentive such as employment, advisory contract or agreement or similar which offers or promises special profits or returns.
 - (e) Commissions or compensations on a policy in excess of the maximum commission fixed by the approved rating classification filed for the class, or subdivision, of the corresponding type of insurance, or in excess of the maximum commission fixed by the Commissioner for such type of subdivision, except as provided for in Section 9.062 of this Code.
- (2) No insured named in a policy, nor any employee or representative thereof, shall receive or accept, directly or indirectly, any such rebate, discount, abatement or reduction of premium, or special favor or advantage or valuable consideration or incentive.

- (3) Any person who participates in an unlawful rebate or incentive shall be punished by an administrative fine which shall not exceed ten thousand (10,000) dollars for each violation. In addition, he/she shall pay restitution for the total amount of the rebate, commission or profit and shall revoke, from the beginning, any prerogative, favor, advantage, profit, lucrative employment, position or any other valuable consideration involved, whether for the benefactor or the beneficiary.
- (4) None of the provisions in this Section shall apply to life or disability insurance. Except as expressly provided by law, no insurer, employee, representative, general agent, producer, authorized representative or solicitor shall permit or offer to make, nor shall make any life insurance, life annuity, or disability insurance contract or agreement as to such contract other than as is clearly expressed in the contract issued thereon, nor pay, nor allow or give nor offer to pay, allow or give, directly or indirectly, as incentive to such insurance, or annuity, any rebate of premiums payable on the contract, nor any special favor or advantage in the dividends or other benefits thereon, nor any other valuable consideration or incentive whatsoever not stipulated in the contract.”

Section 9.- Section 27.110 of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” is hereby amended to read as follows:

“27.110.- Exceptions to Discrimination, Rebate or Incentive Prohibition
Nothing in 27.100 shall be construed so as to prohibit:

- (1) ...
- (2) ...
- (3) ...
- (4) The collection of a premium as authorized by the applicable subscription.
- (5) Reminders and any other type of promotional material with face value and which is not incompatible with other provisions of the Code or any regulation.
- (6) The exceptions authorized by law regarding life and disability insurance.
- (7) Life insurers from paying bonuses to policyholders or otherwise abating their premiums in whole or in part out of surplus accumulated from nonparticipating insurance, if such bonuses or abatements are fair and equitable to all policyholders and for the best interests of the insurer and its policyholders.
- (8) In the case of insurance policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount which fairly represents the saving in collection expense or making allowance to policyholders who make premium payments at less frequent intervals than required.
- (9) Readjustment of the rate of premium for a group insurance policy based on the loss or expense experience thereunder, at the end of any policy year of insurance thereunder, which may be made retroactive only for such policy year.”

Section 10.- A new Section 27.120 is hereby added to Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” to read as follows:

“27.120.- Document Conservation

Any insurer, health service organization, body, advisory or service body, general agent, producer, advisor, proxy or adjuster shall keep and retain, for a five (5)-year period and in the manner provided by the Commissioner through regulations, his/her accounting books, records, and every document pertaining to its insurance business whether through physical or electronic filing. In the event that an investigation is in process, the final disposal or destruction of the documents related shall proceed only when the Commissioner issues an authorization to such effect. Any violation of the provisions of this Section shall be subject to the penalties set forth in Section 27.260.”

Section 11.- Section 27.131 of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” is hereby amended and renumbered to read as follows:

“27.140.- Financial Institutions, its Subsidiaries or Affiliates, Insurance Sale Methods and Practices

- (1) Financial institutions or its subsidiaries or affiliates, shall not discriminate against any insurance provided or to be provided to prospective insured by other producer or authorized representative that are not associated with the financial institution, its subsidiaries or affiliates;

- (2) Financial institutions, its subsidiaries or affiliates may not reject, condition or delay a loan or credit extension due to the fact that the producer or authorized representative who has underwritten the insurance policy is not associated with such financial institution or its affiliates;
- (3) Financial institutions, its subsidiaries or affiliates, shall not require a person, whether natural or juridical, or an insurer, producer or authorized representative to pay an additional charge for an insurance required to obtain a loan or a credit extension, if such charge would not be required if said insurance were to be obtained through the financial institution or its affiliates;
- (4) Financial institutions, its subsidiaries, affiliates or employees shall not receive payment of commissions or compensations for the sale of insurance, unless they are licensed as required by this Code, except for the payment of a referral fee for a fixed amount, allowed under the Gramm-Leach-Bliley Act;
- (5) Financial institutions, its subsidiaries, affiliates or employees may not use, without express consent from the insured or prospective insured, the insurance personal and health information of such for purposes other than those essential producer or authorized representative functions.
- (6) Financial institutions, its subsidiaries, affiliates or employees may not require a person, whether natural or juridical, as a condition for approval of a loan or credit extension, to obtain insurances through the financial institution, its subsidiaries, affiliates;

- (7) Financial institutions, its subsidiaries, affiliates or employees shall clearly and expressly inform every person, whether natural or juridical, who applies for a loan or credit extension of his/her rights to obtain the insurance required from the insurer, producer or authorized representative he/she prefers;
- (8) Financial institutions, its subsidiaries, affiliates or employees shall use separate documents for each loan or credit extension transaction in which it is required to obtain insurance, except for credit or flood insurance;
- (9) Financial institutions, its subsidiaries, affiliates or employees shall not include the cost of any insurance in the credit transaction, except for credit or flood insurance, without the consent of the consumer;
- (10) Financial institutions, its subsidiaries, affiliates or employees shall keep records, account books, files and any other document regarding insurance transactions separated from those records, account books, files and any other document of the financial institution, its subsidiaries, affiliates;
- (11) Financial institutions, its subsidiaries, affiliates or employees shall make available for inspection by the Commissioner all books, accounts, files and any other documents regarding insurance transactions carried out therein;
- (12) The solicitation or sale of insurance in a financial institution is required to be conducted in a physically segregated area from that in which loans and credit extensions are processed, as well as it is required that if the employee who handled the processing of

the loan or extension of credit refers the customer to any other persons duly licensed to solicit or sell insurance, said employee may do so only after the loan or the extension of credit has been approved.

Section 12.- Section 27.150 is hereby added to Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” to read as follows:

“27.150.- Notice of Claim

An insurer, after being notified of a claim, shall acknowledge receipt thereof within the following fifteen (15) days after having being notified of the same. Any notice made to one of the persons authorized by the insurer to receive claims on his/her behalf shall be considered to be notified to the latter provided that the authorization or agreement is in effect and it has not been revoked. Any person that is not authorized to receive claims shall be required to notify the claimant of that fact, within the following seven (7) days, and indicate whom shall be notified with such notice with the address of such person. The violation of this Section may be punished with an administrative fine pursuant to what is set forth on Section 27.260 of this Chapter.”

Section 13.- Section 27.160 of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” is hereby amended to read as follows:

“27.160.- Illegal Dealing in Premiums

- (1) No person shall collect any sum as premium or charge for insurance, which insurance is not then provided or is not in due course to be provided (subject to acceptance of the risk by the

insurer) by an insurance policy issued by an insurer as authorized by this title.

- (2) No person shall collect as premium or charge for insurance any sum in excess of the amount actually expended or in due course to be expended for insurance applicable to the subject on account of which the premium was collected or charged.
- (3) Any sum collected as premium or charge for insurance in excess of the amount actually expended for insurance or for medical examination in the case of life insurance, applicable to the subject on account of which the premium or charge was collected shall be returned to the person entitle thereto within thirty (30) days from the date in which it is requested, and if not requested, within the term of ninety (90) days.

Any person who fails to return said sums within the term set forth in this subsection shall be bound to pay legal interest on the amount to be returned.

- (4) ...
- (5) ...
- (6) ...
- (7) ...”

Section 14.- Section 27.161 of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” is hereby amended to read as follows:

“27.161.- Unfair Claim Adjustment Practices or Actions

In the adjustment of claims no person shall incur or carry out any of the following unfair actions or practices:

- (1) ...
- (2) Fail to acknowledge receipt and act reasonably prompt within ninety (90) days after a claim has been filed and notified under the terms of a policy.
- (3) ...
- (4) ...
- (5) ...
- (6) ...
- (7) Compel insureds or claimants to institute litigation to recover amounts due under the terms of a policy, by offering the insured claimant substantially less than the amount ultimately recovered in actions brought or by wrongfully denying coverage under the terms of the policy.
- (8) Attempt to settle a claim for less than the amount to which the claimant or insured is reasonably entitled to by reference to the written or printed material sent to him/her or that was made part of the application.
- (9) ...
- (10) ...
- (11) ...
- (12) ...
- (13) ...
- (14) ...
- (15) Deny the existence of the policy coverage when the insured turned down the payment offer of a claim for such coverage.
- (16) Deny the payment for a valid claim solely due to a mere suspicion of fraud or misrepresentation of the facts.

- (17) Deny the payment for a claim on the pretext of insufficient information when the same could have been acquired through regular investigation methods.
- (18) Reserved.
- (19) Compel the insured or claimant to sign a waiver which may be construed as releasing the insurer of such contractual obligations that were not the object of the transaction.
- (20) Require unreasonable conditions to the insured or claimant in order to conduct or delay the claim adjustment.”

Section 15.- Section 27.162 of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” is hereby amended to read as follows:

“Section 27.162.- Term for Resolution of Claims

- (1) The investigation, adjustment, and resolution of any claim shall be made in the shortest reasonable period of time within the first ninety (90) days after said claim have been submitted to the insurer.
- (2) In the event that an insurer is unable to resolve a claim within the term established in subsection (1) of this Section, he/she shall maintain in its records any documents attesting to the existence of a just cause to exceed the term previously provided.
- (3) The Commissioner may require the immediate resolution of any claim at any time if he deems that the same has been unduly and unfairly delayed or deferred.”

Section 16.- A new Section 27.163 is hereby added of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” to read as follows:

“27.163.- Methods to Settle a Claim.

The following actions constitute the resolution of a claim:

- (1) The full payment of the claim.
- (2) The written and duly justified denial of the claim.
- (3) The closing of the claim due to inactivity of the claimant when the latter does not cooperate nor furnishes the information necessary for the insurer to adjust the claim. Provided that, the insurer shall notify immediately the claimant on the closing thereof, except that under such circumstances such closing shall be without prejudice to allow for the filing of such claim anew.”

Section 17.- Section 27.190 of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” is hereby amended and renumbered to read as follows:

“27.170.- Reports and Statements to Obtain Insurance

- (1) No person may file, present, offer, participate in or help to file, present or offer any false document, information, statement or report in order to obtain an insurance policy.
- (2) Any person who knowingly incurs in the acts described above shall be deemed to have committed fraud for the purpose of this chapter.”

Section 18.- Section 27.200 of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” is hereby amended and renumbered to read as follows:

“27.180.- False Claims or Evidence

No person may:

- (1) Present a false or fraudulent claim, or alter or omit information or any evidence in support thereof, for the payment of a loss, in reference to an insurance policy; or
- (2) Help or participate in the filing of a fraudulent claim, or alter or omit information or any evidence in support thereof, for the payment of a loss, pursuant to an insurance contract; or
- (3) Prepare, make, or sign or alter or omit, or help or participate in preparing, making or signing, or altering or omitting any account, certificate, sworn statement, proof of loss or any other false document or writ, with the intention that the same be presented or used in support of said claim; or
- (4) File a claim that affects the subrogation right held by an insurer to recover amounts paid under an insurance contract. A subrogation right shall be deemed to be the right that the insurer has to recover the damages that it has had to pay to an insured person under his/her policy. Said right arises by function of law when the insurer makes a payment to the insured; or
- (5) File more than one claim for the same damage, loss or service on the same insured property, except in the case of life insurance.”

Any person that intentionally and knowingly incurs in any of the above described practices shall be deemed to have committed fraud for the purposes of this chapter.”

Section 19.- A new Section 27.190 is hereby added to Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” to read as follows:

“27.190.- Misappropriation

Any person who takes money corresponding to received or returned premiums in the course of the insurance business, as well as any sum of money from the payment of claims or benefits without being duly authorized therefor may be punished by an administrative fine pursuant to the provisions of Section 27.260 of this Chapter.

Any person who violates this provision shall incur a felony as provided under the Penal Code of Puerto Rico.

Section 20.- Section 27.260 of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” is hereby amended and renumbered to read as follows:

“27.200.- Requirement to Report Fraudulent Acts in the Insurance Business

Any insurer, health services organization, general agent, producer, authorized representative, solicitor or adjuster who has a well grounded knowledge that an act described in Sections 27.090, 27.170, 27.180, and 27.190 has been committed, is being committed or shall be committed, will be bound to submit to the Commissioner the information he has available on such act, to conduct an investigation, and otherwise facilitate it. Any insurer, health service organization, general agent, producer, authorized representative, solicitor or adjuster who fails to comply with this provision shall be punished by an administrative fine pursuant to the provisions of Section 27.260 of this Chapter.”

Section 21.- Section 27.280 of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” is hereby amended and renumbered to read as follows:

“27.210.- Civil Immunity

Except when it has been demonstrated that gross negligence has been incurred no extra-contractual civil liability may be imposed to any person who in good faith and under the provisions of this Code provides information to the Commissioner or to any law enforcement agency about fraudulent acts related to the insurance business that have been committed, are being committed or are going to be committed.”

Section 22.- Section 27.310 of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” is hereby amended and renumbered to read as follows:

“27.220.- False Information of Fraudulent Acts

Any person who furnishes information verbally or in writing, or offers any testimony on improper or illegal actions which, due to their nature constitute fraudulent acts in the insurance business, knowing that the facts are false shall incur a felony and, upon conviction, shall be punished by a fine of not less than five thousand (5,000) dollars, nor more than ten thousand (10,000) dollars for each violation or by imprisonment for a fixed term of three (3) years, or both penalties. Should aggravating circumstances be present, the fixed penalty thus established may be increased to a maximum of five (5) years; if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.”

Section 23.- Section 27.320 of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” is hereby amended and renumbered to read as follows:

“Section 27.230.- Action Plan

The Board of Directors of every insurer of the country and every health services organization shall adopt a written action plan to detect, prevent and fight fraudulent acts in the insurance business.

Such action plan shall contain at least the following:

- (1) ...
- (2) A description of the plan for the education and training of its employees, particularly the one designed for the Antifraud Investigations Unit personnel.
- (3) ...”

Section 24.- Section 27.270 of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” is hereby amended and renumbered to read as follows:

“Section 27.240.- Requirement to Provide Information on Claims to a Central Data Bank

Every authorized insurer shall provide information related to the claims that it receives to a central data bank recognized by the Commissioner. This requirement shall not apply to life and disability insurers.”

Section 25.- Section 27.330 of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” is hereby amended and renumbered to read as follows:

“27.250.- Notice

Insurers and health service organizations are bound to include in every insurance application form and in every insurance claim form, a conspicuous and legible notice with the following information:

‘Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation by a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances are present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.’

Noncompliance with the provisions of this Section shall entail an administrative fine pursuant to the provisions of Section 27.260 of this Chapter. Failure to include this notice on the indicated forms shall not constitute a defense for the insured or the third party claimant to fail to comply with the provisions of this Chapter.”

Section 26.- Section 27.350 of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” is hereby amended and renumbered to read as follows:

“27.260.- Penalty for Violations

In addition to any penalty provided in this Code, any person who violates a provision of this Chapter may be punished by an administrative fine which shall not exceed ten thousand (10,000) dollars for each violation.”

Section 27.- Section 27.270 is hereby added to Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” to read as follows:

“27.270.- Penalty for Fraud

Any person who has committed fraud, as defined in Sections 27.090, 27.170, 27.180, 27.190, 27.220 of this Chapter, shall incur a felony and upon conviction shall be punished for each violation by a fine of not less than five thousand (5,000) dollars, not more than ten thousand (10,000) dollars, or a fixed term of imprisonment of three (3) years, or both penalties. Should aggravating circumstances are present, the fixed penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years. In addition to the penalties provided for in this Chapter, any person who benefits in any way from obtaining insurance, or the payment for a loss under an insurance contract, as a result of the fraud committed, shall be imposed a penalty of restitution corresponding to the amount of money resulting from the fraud.

Any violation to the provisions of Sections 27.090, 27.170, 27.180, 27.190, 27.220 of this Chapter shall have a period of prescription of five (5) years.”

Section 28.- This Act shall take effect ninety (90) days after its approval.

CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 230 (H. B. 4068)** of the **7th Session of the 15th Legislature** of Puerto Rico:

AN ACT to amend Chapter 27 of Act No. 77 of June 19, 1957, as amended, known as the “Puerto Rico Insurance Code,” for the purpose of adjusting it to the new practices in the insurance industry.

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

In San Juan, Puerto Rico, on the 2nd day of June, 2010.

Solange I. De Lahongrais, Esq.
Director