



Government of Puerto Rico
OFFICE OF THE COMMISSIONER OF INSURANCE

Circular Letter Number: C-3-1493-98
May 8, 1998

TO ALL INSURERS AUTHORIZED TO TRANSACT
VEHICLE INSURANCE IN PUERTO RICO

Re: Use of Traditional Liability Insurance to Comply with the Compulsory Liability Insurance Requirement

Ladies and Gentlemen:

Article 12(a) of Act No. 253 of December 27, 1995, known as the Motor Vehicle Compulsory Liability Insurance Act, provides that owners of motor vehicles who have in force, at the time of the issuance or renewal of the license of a motor vehicle, a traditional liability insurance with a coverage similar or broader than that of the compulsory liability insurance, may use the referred traditional insurance to comply with the insurance requirement established by law. That is, a traditional liability insurance that affords the coverage provided by the compulsory liability insurance or that affords such coverage and more, may be used to comply with the compulsory liability insurance requirement.

To facilitate said compliance, the insurer that provides traditional liability insurance must obtain from its insureds the information specified in the "Questionnaire Regarding Information Needed for Compliance with the Motor Vehicle Compulsory Liability Insurance Act", for each vehicle covered under a traditional liability insurance policy, and with said data certify the existence of the traditional liability insurance policy to the Compulsory Liability Insurance Joint Underwriting Association (JUA). The JUA must then send to the insureds under traditional liability insurance policies, at the time of registration of each vehicle covered under said traditional policies, a check, payable to the Secretary of the Treasury, for the amount of the compulsory liability insurance premium - \$99 for a private passenger vehicle and \$148 for a commercial vehicle. These checks are to be used solely for the purpose of paying the compulsory liability insurance premium at the time of the vehicle's registration.

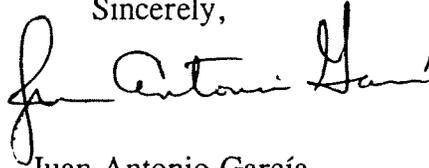
Therefore, insurers may not request from the Compulsory Liability Insurance Joint Underwriting Association that a check for the amount of the compulsory liability insurance premium be sent to a person who, at the time of the issuance or renewal of his (her) motor

vehicle's license, has in force a traditional liability insurance that provides a smaller or more restrictive coverage than that of the compulsory liability insurance because said insurance can not be used to comply with the compulsory liability insurance requirement.

Generally, the use of a deductible in a traditional liability insurance would be interpreted as a more restrictive coverage. The only exception to this norm is that compliance with the compulsory liability insurance requirement is also attained with a traditional liability insurance that provides similar or broader coverage than that of the compulsory liability insurance, except for the presence of a deductible, if and only if, as stated in Article 15 of Rule LXX of the Regulations of the Insurance Code of Puerto Rico, the insurer that issues said insurance must pay in full the amount of the damage, including the deductible, to the injured party and then receive a reimbursement for the amount of the deductible from its insured.

Should you have any questions or doubts pertaining to this information, please contact Mr. Ramón L. Cruz or Ms. Cristina M. Morán, Advisors to the Commissioner of Insurance in matters pertaining to the Compulsory Liability Insurance Program, through telephone number 722-8686 extensions 2262 or 2263.

Sincerely,

A handwritten signature in black ink, appearing to read "Juan Antonio García". The signature is fluid and cursive, with a large initial "J" and "G".

Juan Antonio García
Commissioner of Insurance