



GOVERNMENT OF PUERTO RICO  
**OFFICE OF THE COMMISSIONER OF INSURANCE**

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January 23, 2007

RULING LETTER: 2007-79-CO

TO ALL LOCAL INSURERS, HEALTH SERVICES ORGANIZATIONS, NON-PROFIT INSURANCE ASSOCIATIONS, GENERAL AGENTS OR MANAGERS OF FOREIGN INSURERS AUTHORIZED TO UNDERWRITE INSURANCE IN PUERTO RICO, AND ALL PRODUCERS, AUTHORIZED REPRESENTATIVES, AND ADJUSTERS

**RATIFICATION AND MODIFICATION OF RULING LETTER N-I-4-52-2004 REGARDING THE PROCEDURE FOR REQUESTING AN EXTENSION OF THE TERM FOR ADJUSTING AND RESOLVING CLAIMS**

Dear Sirs and Madams:

On April 26, 2004, the Office of the Commissioner Insurance of Puerto Rico, ("OCI"), issued Ruling Letter No. N-I-4-52-2004, to establish a more efficient procedure for requesting and granting extensions of the term provided in the Puerto Rico Insurance Code (the "Code") for adjusting and resolving claims. The purpose of the modification of the established procedure was to ensure that the claimant would be provided with timely and straightforward claims adjustment, and it was further provided that the request for and granting of extensions would be the exception and not the rule. Said Ruling Letter thereby reiterated the provisions of Article 27,162 (1) of the Code that the procedure for an extension of time should only be used in extraordinary circumstances.

Notwithstanding the clear and specific guidelines set forth in Ruling Letter No N-I-4-52-2004, for processing a request for an extension of time to adjust and resolve claims, the OCI has noted that since the guidelines have been in effect, the requests that have been submitted show a preponderant tendency to fail to comply with the guidelines, to the detriment of claimants' rights to have their claims resolved in a reasonable period of time. We therefore consider that is necessary to reiterate that the requirements set forth in the aforementioned Ruling Letter to request an extension of the term for adjusting and resolving claims are to be strictly complied with. To this effect, we reiterate that:

- a. the OCI will deny any request for an extension of time that fails to comply with the requirements of Ruling Letter N-14-52-2004;
- b. strict compliance will be required in all cases with the requirement to specify the

nature of the case. It will not be sufficient to state that it is a torts case, a labor case or of a similar nature, a concise statement of the facts of the claim should also be included;<sup>1</sup>

- c. a detailed explanation will also be required of the obstacles to adjusting and resolving the claim within the 45-day or 90-day terms or within the term granted under a prior request for an extension of the term, as the case may be;<sup>2</sup>
- d. the status of the claim at the time of the request for the extension of the term should be set forth, as well as any action that has been taken and pending action;<sup>3</sup>
- e. in cases that are being heard in a Court of Law or by the Office of the Minors' Advocate, the State Insurance Fund, or the Automobile Accident Compensation Administration, it should be shown that the claim being brought by the claimant cannot be resolved in view of the fact that the proceedings that are pending before such entities are related to the controversy that is the object of the claim.<sup>4</sup> For the purpose of granting the extension of the term being requested, it is not sufficient to state that action has been brought, but the nature of the case must be stated, as provided in the above paragraph (b), the relationship between the controversy that is the object of the claim and the pending action and adjudication, and shall further show how the action was brought by submitting the first page of the complaint submitted to the aforementioned bodies, and duly stamped by the appropriate entity;<sup>5</sup>
- f. in cases in which the claimant is undergoing medical treatment, a request for an extension of the term will not be granted unless it is explained why the treatment is indispensable for the adjustment and resolution of the claim;<sup>6</sup>
- g. when the request for an extension of the term is due to the lack of a response by claimant to an offer, evidence of the terms of the offer shall be provided, as well as the date and manner on which the offer was made to the claimant, along with a description of additional action taken to contact the claimant and evidence of such effort;<sup>7</sup>
- h. no request for an extension of the term will be granted under the pretext that the claimant has not submitted all of the required and necessary documents for the adjustment and resolution of the claim. Under those circumstances, you shall

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<sup>1</sup> See paragraph (a) (i) of Ruling Letter No. N-I-4-52-2004.

<sup>2</sup> See paragraphs (b) (i) (ii) (iii) and (c) (i) (ii) of said Ruling Letter

<sup>3</sup> See paragraph 1 (d) of said Ruling Letter

<sup>4</sup> See paragraph 2(a) of said Ruling Letter.

<sup>5</sup> In court actions, there should also be included a copy of the complaint, the duly served process, both stamped by the court in question.

<sup>6</sup> See paragraph (2) b of said Ruling Letter

<sup>7</sup> See paragraph (2) c of said Ruling Letter.

proceed as provided in the aforementioned Ruling Letter.<sup>8</sup>

We should note that the above provisions are directed at reiterating the provisions of Ruling Letter N-14-52-2004, by emphasizing the requirements that have been identified in the requests for an extension of the term as those that are most frequently not complied with. It should not be interpreted in any manner that the requirements that have not been mentioned in this letter are in any way being set aside.

It should also be noted, that the term of 15 days that the OCI has to evaluate the requests for an extension of time continues to be in effect. However, we should advise you that from the date in which this Ruling Letter is notified, if the OCI has not notified a ruling with regard to such a request within such term, it shall be deemed that the request has been denied. In this sense, we are modifying the effect that the lack of notice by the OCI within the 15 days provided for such notice has on the request for the extension of time.

We reiterate that insurance is a mutually undertaken promise subject to the occurrence of an event and compliance with certain obligations. The timely compliance of the respective obligations not only has an effect of the particular circumstances of the claimant, but on the proceedings of the financial transaction that it is our duty to oversee. The transactions with consumers in our industry should be as straightforward as the nature of the business requires and may not be subject to alternate procedures that are external to the adjustment and resolution of a claim. The licensee has tools and clear guidelines available that should predispose the licensee to resolve claims within the term provided by law.

The term provided in Article 27,162 of the Code, *supra*, confirms that the investigation and adjustment of a claim should be a process resulting in resolution within a reasonable period of time. Therefore, the request for extensions of the time needed for resolving insurance claims may not be the rule, but rather an alternative to be used under extraordinary circumstances.

Based on the foregoing, we require all local insurers, health services organizations, non-profit insurance associations, general agents or managers of foreign insurers authorized to underwrite insurance in Puerto Rico, and all producers, authorized representatives, and adjusters, to strictly comply with the provisions of this Ruling Letter and the guidelines established in Ruling Letter No. N-I-4-52-2004.

Very truly yours,

SIGNED

Dorelisse Juarbe Jimenez  
Commissioner of Insurance

[The handwritten initials DJJ appear on the first three pages of this letter]

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<sup>8</sup>See the second paragraph on page 5 of said Ruling Letter.