



COMMONWEALTH OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF INSURANCE

March 18, 2014

RULING LETTER NO. CN-2014-174-CM

TO ALL INSURERS AUTHORIZED TO TRANSACT VEHICLE AND ACCIDENT INSURANCE

SELECTION OF COMPULSORY LIABILITY INSURANCE AT ESTABLISHMENTS THAT DO NOT SELL REGISTRATION STICKERS

Dear Sirs and Madams:

The Office of the Commissioner of Insurance has been made aware of the practice of certain insurers to offer the Compulsory Liability Insurance ("CLI") required by Law 253-1995, through official inspection¹ stations that are not authorized to sell registration stickers and are not licensed to transact insurance. This practice is contrary to the provisions of the Puerto Rico Insurance Code and must be discontinued.

As part of the CLI operations, it is permitted that at the time of selling a registration sticker employees of an official inspection station and of depository institutions may ask the customer which authorized insurer has been selected to provide the CLI. In those cases, our Office has interpreted that these employees need not be licensed to transact insurance since their activity is incidental to the sale of the registration stickers and is limited to forwarding the CLI premium, which, under the law, is collected along with the amount of the registration sticker. This position is supported by two basic principles: (1) depository institutions and official inspection stations are duly authorized to sell registration stickers; and (2) the services provided by depository institutions and official inspection stations at the time of selling the registration stickers does not constitute in any manner solicitation, marketing or sale of the insurance, insofar as they are limited to identifying the name of the insurer that the customer has selected to provide the CLI and to which the premium will be credited.

¹ As defined in Regulation Number 7831, dated March 29, 2010, *Regulation on the Sale of Vehicle Registration Stickers through Official Inspection Stations*.

Notwithstanding the above, this Office has confirmed the practice of several insurers to offer the CLI through official inspection stations that are not duly authorized to sell registration stickers. In those cases, clients who visit the station for the sole purpose of having their vehicles inspected are approached by an employee of the station who offers to have them sign a document in which they select an insurer that will provide the CLI, without coinciding with the sale of the registration sticker or collection of the CLI premium.

We are clarifying that to make efforts to have a person select the insurer that will provide the CLI when such efforts are a separate transaction or are not simultaneous with a sales transaction for a registration sticker constitutes an act of solicitation for insurance, for which a license from our Office is required. We are advising you to cease and desist from this practice and that any failure to comply with the above constitutes a violation of Sections 9.060 and 9.061 of the Puerto Rico Insurance Code, which will result in the application of the appropriate sanctions.

Very truly yours,

SIGNED

Ángela Weyne-Roig
Commissioner of Insurance