December 23, 2016

RULING LETTER NO.: CN-2016-210-AL

TO ALL TITLE INSURERS AND GENERAL AGENTS AUTHORIZED TO DO BUSINESS IN PUERTO RICO

DEPOSIT REQUIRED BY TITLE INSURERS AND UNCLAIMED FUNDS

Dear Madams and Sirs:

Chapter 26 of the Puerto Rico Insurance Code, (the "Code"), regulates unclaimed funds of insurers that are authorized to business in Puerto Rico. The provisions of Chapter 26 are directed at ensuring that insurers disburse funds to persons who are entitled to such, and the OCI has the obligation to ensure that insurers comply with these standards.

Specifically, Section 26.020 of the Code establishes that the provisions of Chapter 26 will apply to unclaimed funds, as defined in Section 26.030. Section 26.030 of the Code defines unclaimed funds and establishes, in its relevant part, the following:

> (1) Means money withheld and owed including unearned premiums, by any insurer who is carrying out business in Puerto Rico and which has not been claimed or paid within a term of five (5) years or more, after having been established from the records of the insurer, or its general agent, manager or authorized representative, that such money became due and payable under any insurance policy.
>
> […]
>
> (3) Money otherwise admitted as due and unpaid shall be considered as "retained and owed" within the meaning of this chapter even when the policy or contract has not been surrendered as required.

As can be seen, the provision establishes several requirements, to wit: (1) money retained and owed; (2) by an insurer that is doing business in Puerto Rico; (3) that has

not been claimed or paid within a term of 5 years; and (4) due and payable under any insurance policy. 26 L.P.R.A. sec. 2603.

Funds from escrow accounts retained by title insurers as a requirement for issuing the policy, without exception, when there is any encumbrance on the title, whether when they are available for payment of the encumbrance or when they are available to reimburse the insured once the encumbrances are released, qualify as unclaimed funds. This is because funds or deposits in escrow accounts are retained funds, complying with the definition in Section 26.030 as funds that are retained and owed by a title insurer doing business in Puerto Rico. In view of the above, if these funds comply the remaining provisions of Section 26.030, they are subject to be reported as unclaimed funds and in consequence thereof, all title insurers authorized to do business in Puerto Rico shall comply with the provisions of Chapter 26 of the Code.

Strict compliance with the provisions of this Ruling Letter is hereby required.

Very truly yours,

SIGNED

Ángela Weyne
Commissioner of Insurance