



GOVERNMENT OF PUERTO RICO
Office of the Commissioner of Insurance

October 13, 2017

RULING LETTER NO. CN-2017-226-D

TO ALL INSURERS THAT PARTICIPATE IN COMPULSORY LIABILITY INSURANCE

PROVISIONAL PROCESS DURING THE EXTENSION OF THE EFFECTIVE TERM OF MOTOR VEHICLE REGISTRATIONS AND COVERAGE OF COMPULSORY LIABILITY INSURANCE DUE TO THE PASSAGE OF HURRICANE MARÍA

Dear Sirs and Madams,

As you are aware, on October 3, 2017 the Office issued Circular Letter No. CC-2017-1912-D, notifying you that due to the impact of Hurricane Maria in Puerto Rico the Secretary of Transportation and Public Works (DTOP) extended the term for motor vehicle registrations that expired on September 30, 2017 until service may be reestablished at the Driver Services Centers (CESCO). Accordingly, this Office advised you that the expiration date of the compulsory liability insurance coverage for motor vehicles whose registration expired on September 30 of this year is extended until CESCO services are reestablished. Likewise, we notified that all insurers providing compulsory liability insurance should maintain and honor compulsory liability insurance coverage issued to insured vehicles whose policies expired as of September 30 of this year until such time as the extension of the effective term of the registration stickers established by the DTOP is in effect.

This Office establishes hereby the provisional process to be followed by compulsory liability insurance insurers for processing claims received from citizens to whom the extension of coverage of premiums for compulsory insurance is applicable, as notified in Circular Letter No. CC-2017-1912-D:

1. The extension of coverage will **not** be applicable to insured vehicles under compulsory liability insurance whose registration expired on August 31, 2017 or on a previous date, since the registration stickers were expired before the extension was granted, for reasons that could not be attributed to the damage caused by the passage of Hurricane María.
2. Compulsory liability insurance insurers that were providing coverage as of September 30, 2017, must provide coverage for the insured vehicle during the extended period of time. Therefore, all compulsory liability insurance insurers must honor claims made by the insured that chose the respective insurer during the 2016-2017 period and whose registrations expired on September 30, 2017 or during the time the extension is



in effect. If the extension of the effective term for the registrations promulgated by the DTOP should be beyond October 31, 2017, the principle established herein will be applied to the registration of vehicles that expire on or after October 31, 2017, for as long as such extended period is in effect.

3. At the end of the extension provided for herein, the insureds whose registration renewal falls within the extension period granted by the DTOP shall renew their registration stickers and pay the premium of the compulsory liability insurance in order to have insurance coverage until the date of the next registration sticker renewal. In these cases, when the insured renews the motor vehicle registration for the 2017-2018 period, the effective date of the compulsory liability insurance shall be retroactive to **October 1, 2017**. If the extension of the effective term for vehicle registrations promulgated by the DTOP should be beyond October 31, 2017, the retroactivity of the effective date of the compulsory liability insurance will be the first day of the month in which the next renewal period of the vehicle registration was to have entered into effect.
4. For the purpose of ensuring an efficient management of claims that may arise during the extension period, the insureds whose registration renewal date falls within such period, will remain insured by the insurer selected for the 2016-2017 period, when the registration sticker is renewed once the extension has ended. In such cases, the insureds **may not** use the Selection Form to acquire the registration sticker for the 2017-2018 period, since in such cases the compulsory liability insurance will be renewed **automatically** with the insurer that was selected for the 2016-2017 registration period.
5. As the administrator of the compulsory liability insurance, ASC will act as a facilitator in the process of transferring the premiums paid by insureds whose registration renewal date falls within the extension period granted by the DTOP. Once the extension period ends and the insured renews the vehicle registration in a timely manner, ASC will transfer the premiums received from the Authorized Entities that correspond to vehicles that have benefited from the extension, to compulsory liability insurance insurer shown in ASC records as the insurance underwriter for that unit for the 2016-2017 registration period.
6. If an insured that is subject to an extension period should renew the registration sticker for the vehicle using the Selection Form, it shall be deemed that that Selection Form **is null and void** and the selection will be considered as non-existing, since the process established in the previous paragraph shall be applicable.
7. The following are to be considered unfair practices:
 - a. Denying coverage to an insured whose registration sticker expired on September 30, 2017 (or a subsequent period if the extension decreed by CESCO is beyond October 31, 2017) for not having paid the premium of the compulsory liability insurance for the 2017-2018 period for such time as the extension of coverage notified in Circular Letter No. CC-2017-1912-D is applicable.

- b. The insurer insists that the selection made by the insured on the 2017-2018 Selection Form should prevail for motor vehicles subject to the registration extension decreed by the DTOP, being fully aware that such vehicles are automatically considered to be insured with the same insurer that was selected for the 2016-2017 registration period.
 - c. Refusing to pay claims for covered traffic accidents during the extension period under the argument that payment has not been received for the premium of the next effective period because the extension is in effect.
8. If any insurer incurs any of the practices identified in paragraph (8) of this letter, this Office may impose the sanctions established in the Puerto Rico Insurance Code as well as prohibit such insurer from participating in the 2018-2019 selection form.

Strict compliance with this letter is hereby required.

Very truly yours,

Javier Rivera-Ríos, LUCTF
Commissioner of Insurance