

Commonwealth of Puerto Rico  
OFFICE OF THE COMMISSIONER OF INSURANCE

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Approved by: Hon. Fernando J. Bonilla  
Secretary of State  
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**RULE NO. 86**  
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Commonwealth of Puerto Rico  
OFFICE OF THE COMMISSIONER of INSURANCE  
Guaynabo, Puerto Rico

**RULE NO. 86**  
**STANDARDS FOR THE REGULATION OF LIMITED LICENSES**  
**CHAPTER I**  
**GENERAL PROVISIONS**

**SECTION 1. LEGAL BASIS**

The Office of the Commissioner of Insurance of Puerto Rico adopts Rule No. 86 of the Regulations of the Code of Insurance of Puerto Rico, under the provisions of Section 9.14 of Chapter 9 of Public Law No. 77, enacted on June 19, 1957, known as the Puerto Rico Code of Insurance, as amended under Public Law No. 10, enacted on January 19, 2006; and of the Public Law No. 170, enacted on August 12 , 1988, as amended, known as the "Uniform Administrative Procedures Act".

**SECTION 2. PURPOSE AND SCOPE**

This Rule is adopted for the purpose of establishing the requirements to be met by companies that rent automobiles, trucks or other similar motor vehicles and who seek to hold a limited license, issued by the Commissioner, to arrange for insurance to cover the risks associated with or incidental to rental. Furthermore, the Rule establishes the requirements to be met by travel agencies that seek to hold a limited license, issued by the Commissioner, to arrange for insurance to cover the risks associated with or incidental to travel.

This Rule shall be applicable to all persons that comply with the requirements established by the Commissioner to hold a license and who apply for the limited license, whether to cover risks incidental or related to rentals of motor vehicles or to travel.

**SECTION 3. DEFINITIONS**

The following terms or phrases shall have the meaning set forth below

- a) "Lessee"- any person who obtains the use of a vehicle from a rental company under the terms of a rental agreement.
- b) "Code"- means the Puerto Rico Insurance Code, Public Law No. 77, enacted on June 19, 1957, as amended, 26 L.P.R.A. *et seq.*

- c) "Commissioner"-means the Commissioner of Insurance of Puerto Rico.
- d) "Rental Agreement"-means any written agreement setting forth all of the terms and conditions for the use of a rented or leased vehicle provided by a rental company.
- e) "Rental Company"- means any person engaged in the business of renting or leasing vehicles to the public for a period of time no greater than ninety (90) days.
- f) "Limited rental license"-means an authorized representative limited license, issued to a person who qualifies for such and is authorized to arrange for insurance covering risks that are incidental to the rental of automobiles, trucks or other similar vehicles.
- g) "Limited Travel License"- means an authorized representative limited license, issued to a person who qualifies for such and is authorized to arrange for insurance for cancellation of travel, interruption of travel, loss of luggage, death, illness and accidents, disability and damage to personal articles.
- h) "Office" -means the Office of the Commissioner of Insurance of Puerto Rico.
- i) "Person"-means a natural or legal person, whether a partnership or a corporation.
- j) "Rental Period"- the term of the rental agreement.
- k) "Motor Vehicle or Rental Vehicle"- means any passenger automobile for private use, including, but not limited to, passenger buses, small trucks or "minivans," or sport utility vehicles. The term also includes freight vehicles, pickup trucks or trucks with a gross weight of less than 26,000 pounds and for which the driver is not required to have a commercial vehicle driver's license.

## **CHAPTER II**

### **LIMITED LICENSE FOR COMPANIES RENTING AUTOMOBILES, TRUCKS OR OTHER SIMILAR MOTOR VEHICLES**

#### **SECTION 4. GENERAL RULES**

##### **Subsection 1. License Required**

- A. No rental company, or officer, director or employee of such a company, will offer, sell, solicit, arrange for or place any insurance related or incidental to the rental of a motor vehicle, unless such a person holds a limited rental license for such purpose, in accordance with the provisions of Chapter 9 of the Code and this Rule.
- B. A rental company may submit an application for a limited rental license for

consideration of the Commissioner, subject to compliance with all of the requirements set forth in Chapter 9 of the Code and this Rule.

- C. All applicants for a limited rental license shall execute an agreement with an insurer that is authorized to write the classes of insurance provided in Subsection 7 of Section 4 of this Rule, in which the insurer grants the applicant the authority to arrange for insurance on behalf of and representing the insurer. The appointment of this person as an authorized representative of the insurer shall be subject to the provisions of Sections 9.063 and 9.210 of the Code, and shall be enclosed with the application for a limited rental license. The application for a limited rental license shall be made on the forms provided by the Commissioner for this purpose.
- D. All applicants for a limited rental license shall also include with the application a certification issued by any insurer that has appointed the applicant as an authorized representative, indicating that the applicant for the limited rental license is competent and has the appropriate financial capacity; that the insurer represented by the applicant has provided and will provide training and continuing education programs for its employees, and that such programs comply with the requirements this Rule; and that the insurer is responsible for the conduct of the person that holds the limited rental license, when such person is acting within the authorization of the insurer.

### **Subsection 2. General Requirement for a Limited Rental License**

Prior to the issue of the limited rental license, all applicants must at least:

- A. Submit an application to Commissioner using the forms approved by the Commissioner for the limited rental license;
- B. Pay the appropriate fees as provided in Subsection 3 of Section 4 of this Rule;
- C. Submit to the Commissioner a detailed operational plan, as provided in paragraph B of Subsection 4 of Section 4 of this Rule;
- D. Submit for the consideration of Commissioner the training and education program for its employees, provided by the insurer represented by the applicant, as provided in Subsection 6 of Section 4 of this Rule.

### **Subsection 3. Application for a Limited Rental License-General, Fees**

- A. The application for a limited rental license shall be sworn to and shall be made by the applicant on the forms provided by the Commissioner for this purpose. The application shall contain all the information the Commissioner may deem to be necessary.
- B. If the applicant is a legal person, the application shall also indicate the names of all partners, executives, officers, and directors.
- C. Along with the application for a limited rental license applicants will provide an annual contribution of \$315.00 for processing fees for the application for the first

twenty-five (25) vehicles. If the applicant has a fleet of more than twenty-five (25) vehicles, the applicant will pay an additional \$157.00 for each group of fifty (50) vehicles or fraction thereof in excess of the first twenty-five (25).

#### **Subsection 4. Application for a Limited Rental License – Supplementary Documents**

The application for a limited rental license shall also be accompanied by the following documents and any other that the Commissioner may deem necessary:

- A. A written statement by the applicant setting forth that the applicant:
  - i. is competent and reliable;
  - ii. has a good business reputation;
  - iii. intends to act in good faith in the capacity for which the application for the limited rental license is being made;
  - iv. has the appropriate experience, training or education to qualify for the limited rental license being applied for;
  - v. the insurer represented by the applicant has trained or will train all of the employees that will work in the sale, offering or negotiation of coverage before they engage in such activities with the public.
- B. A written document including the detailed operational plan of the applicant, on the forms provided by the Commissioner for this purpose, which will include, but not be limited to, the following information:
  - i. the name of the insurer who appointed the applicant as an authorized representative;
  - ii. the classes or lines of insurance for which the limited rental license is being requested, which are limited to those described in Subsection 7 of Section 4 of this Rule;
  - iii. a list of all places in the Commonwealth of Puerto Rico where the transactions related to the limited rental license being requested will take places.

It is further provided that any person to whom the Commissioner has issued a limited rental license shall maintain at the place of business a list with the names of each and every employee authorized to make arrangements for insurance coverage, under the provisions this Rule, as well as the names of the managers or supervisors of such employees. This list shall be available and accessible for inspection by the Commissioner at any time during business hours.

#### **Subsection 5. Printed Material or Promotional Brochures**

- A. All printed material or promotional brochures related to the sale of classes of insurance for which the limited rental license is requested shall comply with the provisions of Ruling Letter No. N-CA-08-117-2000 dated August 25, 2000.
- B. All printed material or promotional brochures shall also comply with the

following, in a clear and conspicuous manner and in simple language:

- i. Summarize clearly and correctly the material terms, exclusions, limitations and conditions of coverage offered to the Lessee, including the identity of the insurer that provides the policy;
- ii. Identify the name, address, telephone number and license number of the holder of the limited rental license;
- iii. Disclose to consumers that some of the coverage offered, sold or solicited by the rental company may represent a duplication of coverage already provided in the personal automobile policy of the consumer, the home insurance policy of the consumer, a liability policy or any other kind of coverage provided in an insurance policy;
- iv. Advise the consumer that purchasing insurance coverage is not required in order to rent or lease a motor vehicle;
- v. Advise the consumer that neither the holder of the limited rental license nor its employees are authorized or trained to evaluate the adequacy of coverage provided by any other insurance policy that the consumer may have;
- vi. Describe the process for filing a claim in regard to the insurance coverage being acquired.

C. It is also required that the Lessee who is insured under an insurance policy that is related or incidental to the rental or lease of a motor vehicle, acknowledge and confirm, whether in writing or electronically, the receipt of the written material or promotional brochures required in Subsection 5 of Section 4 of, this Rule.

#### **Subsection 6. Training and Education Programs**

- A. All training and education programs for the employees of the holder of the limited rental license will include basic information on the kinds of coverage that are offered under the license and with regard to the requirements and limitations provided under this Rule. The programs shall also include the following:
- i. claim procedures under the insurance policy, which shall comply with the provisions of the Code and this Rule;
  - ii. information on the rental period, which shall not be more than ninety (90) days;
  - iv. disclosure to all Lessees regarding the evidence of coverage in the lease agreement;
  - iv. information on the identity of the insurer that provides the insurance coverage;
- B. It is further provided that the program will include specific instructions prohibiting employees from making any kind of statement or exhibiting any kind

of conduct, whether explicitly or implicitly, that would lead consumers to reasonably believe that:

- i. it is necessary to purchase insurance coverage of the kind permitted under Subsection 7 of this Rule in order to rent or lease a motor vehicle;
- ii. any other insurance policy that the consumer may have does not provide the insurance coverage offered by the holder of the limited rental license;
- iii. that the employee is duly qualified to evaluate the adequacy of any other insurance coverage that the consumer may have.

#### **Subsection 7. Restrictions of the limited rental license**

- A. The holder of a limited rental license issued in accordance with this Rule may offer, sell or negotiate insurance solely in relation with or incidental to the rental of a motor vehicle, whether at the holder's place of business or through pre-selection of coverage in an agreement with an insurer, subject to the restrictions imposed in this Rule and the Code, and only with respect to a the followings classes of insurance:
  - i. bodily harm to the Lessee and accompanying passengers in the motor vehicle to cover damages related to disability, accidental death, dismemberment, and medical expenses resulting from an accident occurring with the motor vehicle within the rental period;
  - ii. liability arising from the operation or use by the Lessee of the motor vehicle and any other authorized driver of such motor vehicle, during the term of the rental agreement;
  - iii coverage of Lessee and passengers accompanying the Lessee in the motor vehicle, for loss of or damage to personal effects that were in the motor vehicle during the rental period;
  - iv. highway assistance and emergency protection in case of illness.
- B. The limited rental license issued under the Code and this Rule will authorize all employees of the licensee to act individually on behalf of and under the supervision of the licensee only with regard to the classes of insurance for which the license was issued;
- C. No holder of a limited rental license will advertise as an authorized insurer or authorized representative, nor will the holder represent in any way that it or any of its employees is the insurer or authorized representative;
- D. It is prohibited to offer or sell insurance coverage authorized under the limited rental license other than that which is related or incidental to a transaction involving the rental of a motor vehicle;
- E. The rental agreement shall contain all of the costs associated with the insurance obtained by the Lessee, set forth in detail and separately from the remaining

provisions of the agreement.

### **Subsection 8. Sale of Vehicle Rental Insurance in Vending Machines**

Any person to whom a limited rental license is issued, may process applications and issue insurance policies by means of vending machines, inspected and supervised by the licensee, and located at the licensee's place of business, subject to the provisions of Section 9.250 of the Code.

### **Subsection 9. Limited Rental License for Non-Residents**

- A. No non-resident holder of a limited rental license may advertise as an authorized insurer or authorized representative, nor will the holder represent in any way that it or any of its employees is the insurer or authorized representative;
- B. All provisions of the Code regarding non-resident authorized representatives will be applied to non-resident holders of a limited rental license;
- C. Before the limited rental license is issued, the non-resident applicant shall make an irrevocable appointment of the Commissioner as power of attorney to receive process directed at the licensee, in any cause of action that may arise in Puerto Rico in the course of business transacted under the limited rental license, in accordance with the provisions of Section 9.280 of the Code.

### **Subsection 10. Insurance Charges**

Notwithstanding any other provisions of this Rule, the holder of a limited rental license will not be obligated to treat the money paid by the Lessee who purchases such insurance at the time of renting a motor vehicle as funds received in trust. It is further provided that the charges for coverage will be listed in detail in the rental agreement and will be separate from the rental transaction.

## **CHAPTER III**

### **LIMITED LICENSE FOR ARRANGING INSURANCE FOR RISK INCIDENTAL TO TRAVEL**

#### **SECTION 5. GENERAL RULES**

##### **Subsection 1. General Requirements for the Limited Travel License**

- A. No person may offer, sell, solicit, negotiate or place travel cancellation, interruption of travel, loss of luggage, death, illness and accident, disability and damage to personal articles insurance as a consequence of travel, unless such person holds a limited travel license, in accordance with the provisions of Chapter 9 of the Code and this Rule.
- B. The Commissioner may issue a limited travel license only to a person who is engaged in the sale of travel tickets or who is a representative of a transportation line, whether a sea, land or air carrier, or a travel agent at a terminal of transportation line, whether a sea, land or air carrier.

- C. All applications for a limited travel license shall be sworn to and shall be made by the applicant on the forms provided by the Commissioner for this purpose. The application shall contain all the information the Commissioner may deem to be necessary. Along with the application the applicant will provide an annual contribution of \$315.00 for processing fees for the application.
- D. All applicants for a limited travel license shall execute an agreement with an insurer that is authorized to write the classes of insurance provided in Subsection 3 of Section 5 of this Rule, in which the insurer grants the applicant the authority to arrange for insurance on behalf of and representing the insurer. The appointment of this person as an authorized representative of the insurer shall be subject to the provisions of Sections 9.063 and 9.210 of the Code, and shall be enclosed with the application for a limited travel license.
- E. All applicants for a limited travel license shall also include with the application a certification issued by said insurer, indicating that the insurer has appointed the applicant as an authorized representative and that the applicant for the limited travel license is competent and has the appropriate financial capacity; that the insurer represented by the applicant has provided and will provide training and continuing education programs for its employees, and that such programs comply with the requirements this Rule; and that the insurer is responsible for the conduct of the person that holds the limited travel license, when such person is acting within the authorization of the insurer.

**Subsection 2. Restrictions on the Limited Travel License**

- A. Any person that holds a limited travel license issued by the Commissioner and authorized under this Rule, may only offer, sell or arrange for insurance policies over-the-counter, for a limited and non-renewable term.
- B. The limited travel license issued under this Rule, authorizes the holder of such license to offer, sell, or make arrangements for insurance only covering cancellation of travel, interruption of travel, loss of luggage, death, illness and accident, disability and damage to personal articles, and offering, soliciting or selling any other kind of insurance coverage is prohibited.

**Subsection 3. Sale of Travel Insurance in Vending Machines**

Any person to whom a limited rental license is issued, may process applications and issue insurance policies by means of vending machines, inspected and supervised by the licensee, and located at the terminals of the transportation lines, whether a sea, land or air carrier, for the convenience of the traveler, subject to the provisions of Section 9.250 of the Code.

**Subsection 4. Printed Material or Promotional Brochures**

- A. All printed material or promotional brochures related to the sale of the classes of insurance for which the limited travel license is being requested must comply with

the provisions of Ruling Letter No. N-CA-08-117-2000, dated August 25, 2000.

- B. All printed material or promotional brochures shall also comply with the following in a clear and conspicuous manner and in simple language:
  - i. Summarize clearly and correctly the material terms, exclusions, limitations and conditions of coverage offered to the Lessee, including the identity of the insurer that provides the policy;
  - ii. Identify the name, address, telephone number and license number of the holder of the limited travel license;
  - iii. Describe the process for filing a claim in regard to the insurance coverage being acquired.
- C. It is also required that the consumer who is insured under an insurance policy covering travel risks acknowledge and confirm, whether in writing or electronically, the receipt of the written material or promotional brochures.

#### **Subsection 5. Training and Education Program**

- A. Any training and education program for the employees of the holder of a limited travel license, required in this Rule, shall include basic information on the kinds of coverage offered under the license and the requirements and limitations provided in this Rule. The program will also include the following:
  - i. claims procedures under the underwritten insurance policy, which shall be in compliance with the provisions of the Code and this Rule;
  - ii. information on the identity of the insurer that provides the insurance coverage;
- B. It is further provided that the program will include specific instructions prohibiting employees from making any kind of statement or exhibiting any kind of conduct, whether explicitly or implicitly, that would lead consumers to reasonably believe that
  - i. any other insurance policy that the consumer may have does not provide the insurance coverage offered by the holder of the limited travel license;
  - ii. that the employee is duly qualified to evaluate the adequacy of any other insurance coverage that the consumer may have.

### **CHAPTER IV GENERAL PROVISIONS**

#### **SECTION 6. RENEWALS**

- A. All limited rental licenses and limited travel licenses issued by the Commissioner under this Rule, will be in effect for one (1) year, and may be renewed for additional periods of time, in accordance with the provisions of Section 9.420 of the Code and this Rule. The renewal shall be processed using the forms provided

by the Commissioner for this purpose and will include payment of the appropriate fees.

- B. At the time of the renewal, the holder of the limited rental license will certify to the Commissioner that all employees involved in offering and selling coverage to consumers have completed or will complete the required training program before processing any insurance coverage. The licensee will also certify that all of these employees will receive continuing education related to the topics covered in the training program.

#### **SECTION 7. CANCELLATION OF THE INSURER'S AGREEMENT WITH THE AUTHORIZED REPRESENTATIVE**

The cancelation of any written agreement between the insurer and the authorized representative under the provisions of this Rule shall be notified to the Commissioner, in accordance with the provisions of Section 9.063 of the Code.

#### **SECTION 8. PENALTIES FOR VIOLATIONS**

The Commissioner may deny, suspend, revoke or refuse to renew the limited license issued in accordance with this Rule for any of the causes specified in the provisions of the Code or under the provisions of Section 9.460 of the Code. Any violation or failure to comply with the provisions this Rule will result in the imposition of sanctions, in accordance with the powers conferred on the Commissioner in Section 9.480 of the Code, as well as any other applicable provision of law.

#### **SECTION 9. SEVERABILITY**

If any word, paragraph, subsection, section or part of this Rule were found to be null or invalid by a court of competent jurisdiction, the order issued by such court will not affect or invalidate the remaining provisions of this Rule, and the effect of the order will be limited to such word, sentence, paragraph, subsection, section or part that was so found to be null.

#### **SECTION 10. EFFECTIVE DATE**

The provisions of this Rule shall enter into effect thirty (30) days after filing at the Department of State, under the provisions of Public Law No. 170, enacted on August 12, 1988, as amended, known as the "Uniform Administrative Procedures Act."

DORELISSE JUARBE-JIMÉNEZ  
COMMISSIONER OF INSURANCE

Date of Approval:

Date of Filing at the Department of State:

Date of Filing at the Legislative  
Library