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Motor Vehicle Accident Social Protection Act

ACT NO. 111 - AUGUST 14, 2020



(S. 1268)

**ACT NO. 111
AUGUST 14, 2020**

To create the "Motor Vehicle Accident Social Protection Act," for the purpose of establishing an insurance and compensation system for traffic accidents through a mandatory premium for every authorized motor vehicle, to provide a health services coverage to every person who suffers bodily injury, illnesses, or death as a consequence of a traffic accident; to recognize the existence, continuity, and legal personality of the public corporation known as the "Automobile Accident Compensation Administration (ACAA, by its acronym in Spanish)"; to repeal Act No. 138 of June 26, 1968, as amended, known as the "Automobile Accident Social Protection Act"; and for other purposes.

STATEMENT OF MOTIVES

During the 1960's, our society faced a serious problem with the increase of injured people who were left in total economic distress as a result of automobile accidents. These injured persons did not receive any service or compensation, since vehicle owners were not protected by insurance policies that covered such eventualities.

Faced with this social problem, Senate Joint Resolution Number 105 of June 27, 1964, was approved, which ordered a study on the advisability of establishing an automobile accident compensation plan in Puerto Rico. In February 1966, a report was submitted recommending the adoption of legislation guaranteeing compensation for losses suffered by all injured persons in automobile accidents.

To that end, on January 9, 1968, House Bill 874 was filed, for the purpose of establishing a system of insurance and compensation for traffic accidents, proposing the creation of a basic coverage of benefits for the victims of traffic accidents. After the corresponding legislative process, on June 26, 1968, the bill became Act No. 138, known as the "Social Protection for Automobile Accidents Act". In addition, to administer the insurance, this Act provided for the creation of a public corporation called the Automobile Accident Compensation Administration, identified by its acronym in Spanish "ACAA". This legislation, advanced for its time and with a deep sense of justice and social solidarity, came to provide medical-hospital services and economic support to those injured in traffic accidents and their dependents.

During the 50 years since the approval of Act No. 138, many changes have taken place in our society, resulting in the approval of 23 amendments to said Act, and the filing of close to 100 additional legislative measures to amend or investigate the ACAA Act. In addition, the number of motor vehicles has increased considerably. During 1969, the Department of Transportation and Public Works (Works ("DTOP" by its acronym in

Spanish) reported that 614,202 motor vehicles were registered. After 50 years, DTOP reports that for 2018 the number of registered vehicles is 3.3 million. Likewise, in fiscal year 1969-1970, ACAA paid in claims for services and benefits the amount of \$8.4 million, while in fiscal year 2016-2017 the disbursement was \$34.6 million.

Likewise, since the creation of ACAA, new and unforeseen situations have arisen that have forced this public corporation to enact circular letters, regulations, policies and procedures to address these issues, but which must be contemplated in a new organic law. In addition, during half a century of ACAA's existence, there have been advances in science and health services that need to be included in new legislation in order to continue offering better services and benefits to its insured. Similarly, the amendments to several laws that affect the administration of the insurance offered by ACAA and other newly created laws, make it necessary for ACAA's organic law to be adjusted to the current times. On the other hand, countless judicial decisions have occurred that have provided new interpretations not contemplated in the initial ACAA law, which merits the approval of a new law. In addition, the fiscal and economic crisis affecting Puerto Rico cannot be overlooked, which makes new legislation necessary to maintain the financial strength and self-sufficiency of ACAA without having to resort to the general fund of the Government of Puerto Rico to continue providing quality services and adequate benefits to the injured and their dependents.

Therefore, this Legislative Assembly deems it necessary to repeal Act No. 138 of June 26, 1968, as amended, known as the "Motor Vehicle Accident Social Protection Act," and adopt a new law so that ACAA can make the necessary adjustments to its current needs, without abandoning its fundamental purpose of reducing the tragic social and economic effects produced by traffic accidents on the injured, their families and other dependents. These fundamental changes included in the proposed new law are as follows:

- Adopts and modifies definitions to bring them up to date with current realities.
- It specifies the functions and duties of the Board of Directors and the Executive Director.
- It specifies and delimits the exclusions of the law.
- Provides for the particular circumstances under which ACAA shall be indemnified for all expenses incurred in providing services and benefits to those injured in a motor vehicle accident, including compensation from insurance companies that have issued a public liability insurance policy to the person responsible for the accident.
- Establishes the subrogation action of ACAA in the rights of an injured person or their beneficiaries to file a legal claim for damages against third parties responsible for the accident as granted to the State Insurance Fund Corporation, "CFSE" by its acronym in Spanish.
- Provides for ACAA to use the results obtained from a chemical-toxicological test of an injured driver who claims medical-hospital services to determine coverage eligibility

in cases where the driver consents, or that the test was performed by medical judgment and in the course of medical treatment or by court order or by a law enforcement officer.

-Requires hospital-medical providers and the Department of Health to forward copies to ACAA of the results of the chemical-toxicological test performed on an injured driver in the particular cases listed above.

-Sets a penalty when a person knowingly makes false statements to ACAA, submits false information on a claim, submits a fraudulent claim, or submits more than one claim.

-Accelerates the amount of payment for dismemberment benefits from fifty dollars (\$50.00) per week to one thousand dollars (\$1,000.00) per month and for death benefits from fifty dollars (\$50.00) per week per family unit to two thousand dollars (\$2,000.00) per month, without increasing the total benefits provided under the current Act.

The purpose of this measure is to adopt a new law that promotes and fosters an agile, modern and dynamic institution, with an effective control of expenses to maintain cost-efficient operations, providing quality and excellent services aimed at satisfying the needs of the injured and promoting the prevention of motor vehicle accidents. In addition, it maintains the principle of social protection contracted 50 years ago to provide mandatory, universal, uniform insurance with benefits and services for all insured persons, without increasing the premium currently charged to insured persons.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Article 1.- Title, purpose and corporate entity.

This Act shall be known as the "Automobile Accident Social Protection Act".

The main purpose of this Act is to establish a mandatory premium for motor vehicles that transit on the public roads of Puerto Rico authorized by Act 22-2000, as amended, known as the "Puerto Rico Vehicle and Traffic Act", or by any successor or subsequent law on the same subject. The premium shall provide coverage for health services to any person who suffers bodily harm, as well as illnesses or death resulting therefrom as a consequence of an accident involving a motor vehicle used as such a vehicle.

To fulfill the purposes of this Act, the existence, continuity and legal personality of the Automobile Accident Compensation Administration ("ACAA" by its acronym in Spanish), as created in Act No. 138 of June 26, 1968, as amended, is recognized to act by authority of the Government of Puerto Rico, subject to the legal framework and provisions of this Act.

Article 2.- Definitions

The following terms shall have the meaning expressed below:

A. Accident - means an event directly or indirectly attributed to the normal and ordinary use of a motor vehicle as such a vehicle in which one or more people are injured.

- B. Administration - means the Automobile Accident Compensation Administration, identified by its acronym in Spanish "ACAA".
- C. Aggravation - means the intensification of a pre-existing medical condition due to an accident.
- D. Homemaker - means a person, regardless of marital status, whose main occupation is the administration, maintenance and control of a household, and who is not engaged in a regular paid occupation or is not regularly employed in a job outside the home.
- E. Medical Evaluation Committee - means a group of doctors selected by the Automobile Accident Compensation Administration for clinical decision-making.
- F. Dependent - means a person who receives more than half of the support of the injured or deceased.
- G. Dismemberment - means to separate, cut off or amputate entirely or a portion of a limb from the human body.
- H. Beneficiary Debtor - means a dependent person of the deceased injured person, and who in turn is the registered owner of the responsible vehicle, who is entitled to the benefits provided by this Act, but who at the same time is obliged to indemnify the ACAA for the benefits provided by it.
- I. Executive Director - Means the Executive Director of the Automobile Accident Compensation Administration.
- J. Employment - means any service, job, trade or occupation that the injured person was performing at the time of the disability in exchange for a salary, commission or any other type of remuneration.
- K. Wife or Husband - means the legal spouse or the person who, upon the death of the injured party and during the three (3) years immediately preceding the injury, lived together as a married couple or united in marriage, even when they are not legally married.
- L. Fortuitous - means an unforeseeable event that a person can avoid and that causes an accident that is not related to the use of the motor vehicle as such a vehicle in which one or more people are injured.
- M. Force Majeure - means an unforeseeable event that a person cannot prevent causing an accident in which one or more people are injured.

- N. Children - includes children, stepchildren, children by adoption and foster children, the latter being understood as those persons who without being children, stepchildren or children by adoption have been raised by others as if they were their own children, for a period not less than three (3) years immediately and consecutively prior to the date of the accident that originates a claim under the provisions of this Act.
- O. Disability - means the physical or mental disability caused by injuries from an accident of such a nature that it prevents the injured person, totally or continuously, from engaging in any job or occupation for which such person is qualified by education, experience or training.
- P. Board - means the Board of Directors of the Automobile Accident Compensation Administration.
- Q. Injured person - means a natural person who suffers bodily harm, illness or death as a result of an accident, or during emergency maintenance or use by such person or by another person of a motor vehicle used as such a vehicle.
- R. Emergency maintenance - means any essential repair or service, sudden or unexpected, that a motor vehicle requires to continue to operate legally and safely on public roads. It excludes vehicle maintenance done in the home, activities related to motor vehicle cleaning and enhancements, activities related to the body shop, paint or mechanic business, and repairs to vehicle parts that were not affixed to it at the time of the accident.
- S. Parents - includes father, mother, parents by adoption or foster parents, it being understood by the latter those individuals, without being father, mother or parents by adoption of other, have raised them as if they were their own children, providing more than half of their livelihoods, for a term not less than three (3) years, immediately and consecutively prior to the date of the accident that originates a claim under the provisions of this Act.
- T. Employer - means any person or private entity that employs one or more workers or employees to render any service. Likewise, the Government of Puerto Rico, the various municipal governments, boards, commissions, authorities, instrumentalities, public corporations and agencies of the Government of Puerto Rico shall be deemed as "employers" with regard to the workers, employees, and officials they hire.
- U. Person - means any natural person.

- V. Person not responsible for the accident - means any person who suffers an accident without recklessness or negligence on their part.
- W. Person responsible for the accident - means any person who causes an accident recklessly or negligently.
- X. Use of a motor vehicle as such vehicle - means the use of a motor vehicle in motion for the purpose of a person moving themselves or others to a different place, or carrying animals, plants or objects. In addition, it includes getting on, getting off, entering or leaving the vehicle during its movement, as well as those repairs, service and emergency maintenance of the vehicle due to damages arising during the trip so that it can continue driving.
- Y. Motor Vehicles - means any vehicle designed to operate on public roads propelled by energy other than muscular, which is authorized to transit on public roads by the Department of Transportation and Public Works by issuing a motor vehicle license. This includes trailers designed to transport animals, plants or objects that, although lacking energy, are authorized to run on public roads through a license issued by the Department of Transportation and Public Works. It does not include traction machines, road rollers, tractors used for agricultural purposes exclusively as long as they do not travel on public roads, mechanical traction shovels, equipment for road construction or maintenance, well drilling machines, vehicles with small wheels used in factories, warehouses and railway stations, vehicles moving on railway tracks, by sea or by air, vehicles operated on private property, and vehicles designed by the manufacturer or maker to be used off public roads.

Article 3.- Beneficiaries of the injured person.

In the event of the injured person's death, the following persons shall be considered beneficiaries with the rights and limitations established later in this Act:

- A. The injured person's children under eighteen (18) years of age on the date of the accident.
- B. The injured person's children between the ages of eighteen (18) and twenty-one (21) years who depended on the injured and were students at the time of the accident.
- C. The husband or wife of the injured person, as defined in this Act.
- D. The parents of the injured person when they depended on the injured person for their support because they were unable to provide themselves and have no other means of subsistence.

E. Any person who depends on the injured person in the absence of the aforementioned beneficiaries.

If in the cases of beneficiaries provided in subsection (C.) of this Article, legal spouses or persons who have lived together as married or united in marriage concur, the benefit shall be paid to the one who proves to be a dependent of the injured person, as defined in this Act, and if the dependency requirement is met in both, it shall be divided and awarded equally between both beneficiaries.

Article 4.- Benefits.

A. Applicability.

All injured persons and dependents who are eligible according to the coverage provided by this Act shall be entitled to the benefits provided by this Act.

B. General.

1. Benefits. - The benefits provided by this Act include payments for disability, for loss of income due to disability, medical-hospital services, chiropractic services, dismemberment, death and funeral expenses.

2. Benefits Payable and Services Available. - The benefits payable shall be those that are stipulated below, after deducting from them any other benefits of other insurance programs for which the injured party or their beneficiaries are eligible and for whose deduction is provided under this Act.

3. If an injured person receives from the Administration services to which they are eligible under other insurance programs, and for which deduction is provided in this Act, and such deduction is not made in the cases where it applies, the amount of the corresponding deduction shall be subtracted from the benefits to which the injured person is entitled according with such programs and shall be paid directly to the Administration by the agency in charge of the administration of these programs, up to the limit of the coverage of the insurance programs.

4. If an injured person eligible for compensation benefits for bodily injury has received from the State Insurance Fund Corporation or the Department of Labor and Human Resources benefits payments by reason of the same accident and the Administrator of the State Insurance Fund Corporation or the Secretary of Labor and Human Resources, as appropriate, decides that the injury of the injured person is of a non-occupational nature or is not covered by the Social Security for Chauffeurs insurance, such payments shall be deducted from the benefits of the compensation to which they are entitled under this Act. This deduction shall never be made for an amount exceeding the compensation

benefit to which the injured party is entitled. The amount so deducted shall be reimbursed by the Administration to the State Insurance Fund Corporation or to the Department of Labor and Human Resources, as appropriate, upon presentation of a certified invoice containing the settlement of the payments made to the injured person.

5. The Administration shall not accept any claim on the grounds that the reported accident may constitute a work accident, unless the administrative remedies are exhausted in the State Insurance Fund Corporation or the Department of Labor and Human Resources, as appropriate.

6. Deductible Benefits. - All benefits that the injured person or their beneficiaries receive or are entitled to receive from other sources on account of the injuries suffered, shall be deducted from the benefits corresponding to them under this Act, except when otherwise provided herein. Whenever the injured person uses the services provided by this Act, the payments that their beneficiaries may receive or may be entitled to receive from other insurance programs by reason of these services shall be paid to the Administration, up to an amount not to exceed the amount expended by the Administration to render such service.

7. Non-Deductible Benefits. - The following benefits shall be considered non-deductible benefits and shall not diminish the amount to be collected or received from the Administration, nor shall they be payable to the Administration in the event that the services herein provided are used: (1) benefits by reason of the obligation to support the family; (2) assets received by inheritance; (3) life insurance; (4) donations; (5) social security benefits. However, in the cases of those injured persons who at the time of the accident are receiving social security disability benefits, they shall be excluded from the disability benefit granted by the Administration. Payments made by the employer to his employees shall not be considered as donations.

8. The Board may increase the benefits provided by this Act, including payments for disability, payments for loss of income due to disability, medical-hospital and chiropractic services, dismemberment, death and funeral expenses.

C. Dismemberment Compensation Benefits.

1. The Administration shall pay the amount provided for dismemberment if such losses occur within fifty-two (52) weeks following the date of the accident.

2. The following benefits for dismemberment shall be paid by the Administration in the event the indicated disabilities occur:

- i. Loss of sight in both eyes ----- \$10,000

ii. Loss of both feet at or above the ankle -----	\$10,000
iii. Loss of both arms at or above the wrist -----	\$10,000
iv. Loss of one arm and one leg -----	\$10,000
v. Loss of one arm at or above the wrist -----	\$7,500
vi. Loss of one leg at or above the ankle -----	\$7,500
vii. Loss of one hand or one foot -----	\$5,000
viii. Total loss of sight of one eye -----	\$5,000
ix. Loss of at least three fingers or three toes -----	\$1,250

In the event that a person suffers more than one of the losses listed above, the maximum amount for all disabilities shall be ten thousand dollars (\$ 10,000).

D. Compensation benefit for loss of income due to disability and compensation for disability; reinstatement.

1. Compensation benefit.

a. If within twenty (20) calendar days following the date of the accident the injuries received disable an injured person other than a homemaker, the Administration shall pay the latter a benefit for loss of income due to disability. This benefit shall be equivalent to fifty percent (50%) of the weekly income not received by the injured person subject to a maximum of one hundred dollars (\$100) per week while a total and continuous disability persists that prevents them from carrying out their employment, occupation, profession, own business or other activity that produces income during the first fifty-two (52) weeks from the date of the accident, and to fifty percent (50%) of the weekly income lost by the injured person subject to a maximum of fifty dollars (\$50) per week while disabled, during the subsequent fifty-two (52) weeks.

b. In order to qualify for the weekly compensation benefit, it shall be required that at the time of the accident or during any six (6) of the twelve (12) months preceding it, the injured person was occupying a remunerated job or performing an

activity that produces income for which the injured person was qualified by education, experience or training, or engaging in an income-producing profession or in an owned business.

- c. The regular disability benefit provided by this subsection (D) shall not be paid during the first fifteen (15) days following the date the disability begins.
- d. For the purposes of calculating the compensation contemplated by this Act, it shall be understood that the week consists of five (5) working days, and the workday in eight (8) hours; except if the facts investigated demonstrate that the injured person continually worked more than forty (40) hours a week.
- e. The loss of income shall be determined based on the income earned by the injured person at the time of the accident. If the injured person was not occupying a remunerated job, or performing an income-producing activity for which the injured person was qualified by education, experience or training, or engaging in a profession or in an owned business that produces income, then the loss of income shall be calculated based on the equivalent of the average weekly income earned by the injured person during the last six (6) months of the last twelve (12) months immediately prior to the accident, in which this person held a paid job or carried out an activity that produced income or was engaged in a profession or in an income-yielding own business.
- f. The Administration shall establish by regulations the criteria that facilitate the determination of the loss of income of the injured person.
- g. When an injured person that becomes disabled is a homemaker, the Administration shall pay this person a disability compensation benefit of twenty-five dollars (\$25) per week subject to a maximum of sixteen (16) weeks.
- h. The loss of income requirement to be entitled to collect weekly compensation for total and continuous disability shall be deemed established, even though the claimant continues to receive regular salary payments for accumulated vacation

leave, it being understood that in such a case there is a real loss of income. However, there shall be no loss of income when the claimant continues to receive regular salary based on accrued sick leave; in this case, the loss of income shall be established only if the injured party had the right to liquidate in cash the sick leave accumulated and not used, and did not claim such right at any time within a term of one (1) year from the date of the accident, in which case all the time that the injured person is absent from work due to the injuries suffered in the accident shall be counted as accumulated and then the loss of income shall be determined in accordance with what was actually earned or not earned.

2. Reinstatement.

In the cases of disability covered by this Act, when the injured person is employed, the employer shall be obliged to reserve the job performed by the worker at the time the disability commenced and to reinstate the worker in it, subject to the following conditions:

- (i) That the worker requires the employer to be reinstated in the job within a term of fifteen (15) days from the date on which the worker was discharged from treatment, provided such requirement is not made after six (6) months from the date the disability began;
- (ii) that the worker is mentally and physically able to fill the job when reinstatement is requested from the employer; and
- (iii) that such job exists when the worker requests reinstatement. It shall be understood that the job exists when it is vacant or filled by another worker. It shall be presumed that the job was vacant when it was filled by another worker within thirty (30) days following the date the reinstatement was requested.

If the employer does not comply with the provisions of this subsection, it shall be bound to pay the worker or their beneficiaries the wages that the worker would have earned had he or she been reinstated. In addition, it shall be liable for all damages that it may have caused. The worker or their beneficiaries may file and process the corresponding claim for reinstatement and damages in the Court of First Instance by ordinary action or through the procedure for claiming wages established in Act No. 2 of October 17, 1961, as amended, known as the "Labor Claims Summary Procedures Law", or by any successor or subsequent law on the same subject.

E. Death benefits.

1. The death benefit shall be paid as long as the injured person dies as a consequence of the injuries suffered within fifty-two (52) weeks following the date of the accident.
2. The following death benefits shall also be paid following the classifications established in Article 3 of this Act and subject to the conditions hereinbelow indicated:

Ten thousand dollars (\$ 10,000) to the wife or husband, as defined in this Act, of the deceased injured person.

- a. The benefits to the children of the injured person shall be the following:
 - i. five thousand dollars (\$5,000) for each disabled child regardless of age.
 - ii. five thousand dollars (\$5,000) for each child four (4) years old or younger.
 - iii. four thousand dollars (\$4,000) for each child older than four (4) years, but less than ten (10) years old.
 - iv. three thousand dollars (\$3,000) for each child ten (10) years or older, but less than fifteen (15) years old.
 - v. two thousand dollars (\$2,000) for each child fifteen (15) years of age or older, but less than eighteen (18) years old; those children between the ages of eighteen (18) and twenty-one (21) who depended on the injured person and were studying at the time of the accident, shall also be entitled to this benefit. In these cases, the dependent child shall have to present to the Administration a certification that he or she is enrolled in an educational institution duly accredited by the agency of the Government of Puerto Rico with at least six (6) appropriate credits for the academic period or six (6) weekly study hours.
- b. If the benefit for the children, calculated in accordance with the preceding formula, exceeds ten thousand dollars (\$10,000), the benefit of each child shall be adjusted by multiplying ten thousand dollars (\$10,000) by the ratio there is between the benefit corresponding to each child according to the above scale and the total sum of the benefits corresponding to all the children, according to that scale.
- c. In the absence of a husband, wife and children, as defined in this Act the benefit shall be distributed among the dependent parents of the

deceased injured person in equal parts up to a maximum of five thousand dollars (\$ 5,000).

- d. In the absence of a husband, wife, children and dependent parents of the deceased injured person, the benefit shall be distributed equally among any dependent person of the deceased injured person up to a maximum of five thousand dollars (\$5,000).
3. When the beneficiaries in cases of death, which occurred as a result of an accident involving a motor vehicle, are minors or disabled, the compensation shall be made effective through the father, mother or guardian. However, such payments shall not be made through the father or mother who, on the date of the injured person's death, had abandoned or neglected their obligations to their child, and in that case, payments shall be made through the person who had the minor beneficiary under his or her care and attention on the date of the injured person's death.
4. The Administration may administratively undertake the processing and resolution of incapacity declarations and designations of special tutors in cases of adults who allegedly are incapacitated to administer their assets or take care of themselves and minors, exclusively for the purpose of providing compensation payments granted under the provisions of this Act. The procedure adopted by the Administration shall provide for holding an administrative hearing, prior to an appropriate notification to the parties concerned, as well as for the fulfillment of other procedural elements that duly protect the rights of the parties concerned. It may also, when necessary, determine the heirs of a deceased injured person, conduct appropriate proceedings through its lawyers before the competent Court of First Instance of Puerto Rico until the declaration of heirs of the deceased injured person is obtained in accordance with the provisions of this Act. These types of cases shall be processed with all urgency. Furthermore, neither the court nor its officials shall charge any costs or fees for the processing and approval of such cases, nor for the certifications issued for the use by the Administration.

The officials of the Demographic Registry of the Government of Puerto Rico shall issue the necessary certifications for the indicated purposes at no cost. In the event that it is necessary, for the purposes of awarding compensation to the beneficiaries of the deceased injured person, the Administration may file a paternity claim which shall be processed in the same way as set forth above and without accruing court fees.

The Executive Director shall have the power to adopt rules and take the necessary measures for the duly compliance of this subsection.

F. Funeral Expense Benefits.

A death benefit, up to a maximum of one thousand dollars (\$1,000), shall be paid for funeral expenses. This benefit may be paid to the wife or husband, parents or dependent of the injured party, as defined in this Act, who submits acceptable evidence to the Administration of having incurred the funeral expenses of the injured party. Any remaining balance shall be paid to the beneficiaries of the injured party.

G. Medical-hospital and chiropractic benefits.

1. Basic coverage.

It is the coverage available to all accident injured persons eligible and entitled to receive the benefits and services provided by this Act. The injured person shall have the right to receive medical and chiropractic services, hospitalization, convalescent homes, rehabilitation, medical equipment and medicines that their condition reasonably requires during a term of two (2) years from the date of the accident and that are available in Puerto Rico. However, the Executive Director, or the authorized representative, is authorized to provisionally extend the services of the basic coverage for a period greater than two (2) years, with the sole purpose of completing the previously authorized medical-hospital services up to a maximum of six (6) months, in accordance with medical policies or regulations approved by the Administration.

2. Extended coverage.

It is the coverage available in cases of paraplegics, quadriplegics and in severe trauma or multiple fractures with complications of such a nature that require extended medical attention for a term greater than two (2) years from the date of the accident, if so determined by the Medical Evaluation Committee created by the Administration.

3. The Administration shall provide medical-hospital and chiropractic services through a network of providers duly contracted in accordance with the limits, criteria and methods of providing services which shall be establish through regulations to that effect.

If an injured party receives emergency medical-hospital or other type of services from non-participating providers in the Administration's providers network, the Administration shall compensate the provider for the cost of the services rendered based on the rate manual in force at the time the health services were rendered, provided the injured person is eligible for the coverage

provided by this Act. Non-emergency medical-hospital services not contemplated in the current rate manual shall be authorized by means of an exception letter issued by the Administration's medical director or the authorized representative. In those cases, in which a non-participating provider in the Administration's providers network renders emergency services that are not contemplated in the current rate manual, they shall be evaluated and awarded by the Administration as determined by regulation.

The costs incurred, as described in the previous paragraph, shall be billed directly to the Administration, relieving the injured person of any payment or obligation. The service provider may not under any circumstance directly charge the injured person for services rendered, provided the injured person is eligible for the coverage provided by this Act. All providers of emergency medical-hospital services, whether or not they are part of the Administration's providers network, must install and display, in a visible place to the public, a poster approved by the Administration, warning the public that the provider cannot charge or bill directly an injured person for emergency services rendered as a result of a traffic accident, provided that the injured person is eligible for the coverage provided by this Act. The Administration shall provide through regulations the design, size and contents of the poster.

The emergency medical-hospital services provider that does not comply with the obligations set forth in this subsection shall incur in an administrative offense and shall be sanctioned with a five thousand dollars (\$5,000) fine. Likewise, the provider shall be sanctioned with a twenty-five thousand dollars (\$25,000) fine if, after ninety (90) calendar days of imposing the first fine, it has not complied with its obligation.

The invoices for claims for health services rendered must be filed no later than one hundred twenty (120) calendar days from the date on which the services were provided.

Any claim with respect to the return of invoices or payments made by the Administration for health services invoices must be filed within forty-five (45) calendar days from the Administration's notification date or the postmarked date, whichever is later.

When the last day to file invoices on time falls on a Saturday, Sunday, holiday, or non-working day for the Administration, the invoices shall be considered filed on time if they are filed on the next working day.

The terms and conditions set forth in this subsection shall be strictly enforced.

The Executive Director, with the approval of the Board, is hereby authorized to establish by regulations the exceptions to the payment process.

Article 5.- Payment of Benefits.

- A. The Administration shall by regulations establish the rules that will govern the payment of all the benefits provided in this Act, both to those injured in accidents and to their beneficiaries, provided that:
1. When the payment of a benefit for dismemberment is in order, it shall be liquidated systematically so that the benefits received by the injured person from the Administration do not exceed the equivalent of one thousand dollars (\$1,000.00) per month.
 2. The death benefits shall be paid at the rate of the equivalent of two thousand dollars (\$2,000.00) monthly per family unit. The Administration shall determine by regulation what is a family unit and how the benefit shall be paid when it does not exist.
 3. In cases of benefits due to dismemberment or death, the Administration may authorize monthly payments greater than those provided above or the settlement of the benefit in a single lump sum, if the injured person or their beneficiaries were to use such benefit to purchase a real estate property, or to acquire a productive business or make any other lucrative investment, or to carry out or complete academic, technological or vocational studies, or to acquire a vehicle that facilitates their mobility.
- B. The benefits payable under this Act may not be assigned, sold, or transferred and any contract to that effect shall be void. These benefits may not be seized or confiscated, nor may the injured person or their beneficiaries be deprived, through a lawsuit, of their possession.
- C. The benefits provided by this Act may not be used for the payment of fees for legal services rendered to the injured person by virtue of an application for benefits or a lawsuit filed under this Act, except in the manner the Administration may by regulations provide.
- D. The benefits of this Act shall only be paid for injuries occurred in Puerto Rico. Likewise, medical-hospital and chiropractic services shall only be provided in Puerto Rico.

Article 6.- Exclusions.

The following persons shall be excluded from the coverage or benefits, or both provided by this Act:

- A. Those whose injuries were caused by an act or omission on their part conducted with the purpose of causing harm to their own person.
- B. Those who at the time of the accident were driving a motor vehicle without a valid and current driver's license for that particular motor vehicle, or whose vehicle does not have a valid and current motor vehicle license and license plate for that date. For the purposes of this provision, a learner's permit is sufficient authorization to operate any motor vehicle provided that the requirements for such license are met in compliance with Act 22-2000, as amended, known as the "Vehicle and Traffic Law of Puerto Rico", or by any successor or subsequent law on the same subject.
- C. Those who at the time of the accident were participating in motor vehicle racing or drag competitions or in speed or acceleration competitions, either as drivers, passengers, spectators or as officials or employees in areas reserved for such activities.
- D. Those who at the time of the accident were participating in motor vehicle racing or drag competitions or speed or acceleration competitions, either as a driver or passenger on any state or municipal road in Puerto Rico.
- E. Those whose injuries occurred while the injured person commits or participates in a criminal act other than a violation to the traffic laws.
- F. Those who at the time of the accident were driving their motor vehicle under the influence of intoxicating beverages or under the influence of illegal drugs, medicinal cannabis or any other medicine or substance, even legal or prescribed, that limits a person's ability to drive or operate a motor vehicle.
- G. Those who at the time of the accident were participating in a motor vehicle in festivals or carnivals.
- H. Those who at the time of the accident were in a motor vehicle in use for party bus activities or services, as provided in Act 244-2012, as amended, known as the "Puerto Rico Special Party Bus Regulatory Act," or by any successor or subsequent law on the same subject, who shall be protected by the private insurance required by such Act.
- I. Those who, despite having received the benefits of hospital medical services, abandon their medical treatment for ninety (90) calendar days or more without

medical justification from the physician attending the service they received or requested.

- J. Those who provide false information in the Administration forms or in statements made before the Administration.
- K. Those who turn out to be a beneficiary debtor, as defined in this Act, shall not be entitled to receive the benefits provided herein.
- L. Those whose injuries occur in an accident caused by fortuitous causes that is not related to the use of the motor vehicle or superior force, except landslides.

The persons excluded in this Article may process their claims through private or public insurance required or provided by any other law or acquired voluntarily.

Article 7.- Rights of the Administration to Indemnity.

A. Limits of liability.

1. Person responsible for the accident.

The Administration shall have the right to be jointly and severally indemnified by the person responsible for the accident or by the registration holder of the motor vehicle driven by the person responsible for the accident for all the expenses incurred by the Administration in relation to the accident if the damages were caused

- a. intentionally;
- b. by a person who, without being a driver or injured, causes an accident;
- c. by a driver involved in an accident who does not immediately stop and leave the place of the accident;
- d. the detachment of objects loaded into attachments or accessories fitted to the motor vehicle, or the detachment of attachments or accessories attached to the motor vehicle other than as factory attachments or accessories, such as, and without being considered a limitation, cargo baskets or bicycle racks, luggage carriers or kayak carriers; or
- e. in all cases referred to in Article 6 on coverage exclusions.

2. Person not responsible for the accident.

In the cases contemplated in Article 6 on coverage exclusions, the Administration shall have the right to be indemnified by the person not responsible for the accident, for all the expenses incurred by the Administration in relation to such person.

3. Insurance company.

The Administration shall have the right to be indemnified by the insurance company that has issued a public liability insurance policy to the person responsible for the accident or to the registration holder of the motor vehicle driven by the person responsible for the accident, for all the expenses incurred by the Administration in attending to its insured and other injured in the accident. On the other hand, in cases where the insured is not responsible for the accident, the insurance company shall have to indemnify the Administration for all the expenses that it incurs in relation to its insured.

In the event that two or more insurance companies concur, any of these shall jointly and severally indemnify the Administration in accordance with the provisions of the preceding paragraph of this subsection.

4. Action of subrogation.

The Administration shall have the authority to subrogate the rights of an injured person or their beneficiaries to file a judicial claim for damages against third parties in those cases in which the Administration, in accordance with the terms of this Act, is obliged to compensate them in any way. In such cases, the Administration shall be obliged to notify the filing of the claim to the injured person, or their beneficiaries addressed to the last known address.

5. Other entities.

If the injured person receives payments from other entities for services rendered by the Administration, the Administration may recover from the injured person or their beneficiaries, up to an amount equal to the value of the services rendered, subject to the provisions of this Act.

6. False information.

The Administration shall be entitled to be indemnified by the person who provides false information in the Administration's forms or in statements made before the Administration.

B. Legal Action.

1. When the injured person or any interested party files a legal action against the driver, registry owner or insurance company of the motor vehicle involved in the accident in the cases provided herein and the court awards compensation to this injured person or interested party under the principle of responsibility based on negligence, the defendant, as well as the plaintiff, before the payment of the judgment is satisfied, must obtain a certification from the Administration that there is no debt in relation to the services rendered by the Administration. If the Administration is entitled to a reimbursement as a result of compensation obtained by an injured person or interested party, except compensation for life insurance, the payment shall be issued separately in favor of the Administration and the injured person or interested party claimant for the respective amount corresponding to them.

In such cases, if the defendant or the person obliged to pay the judgment satisfies the payment thereof without taking into account the interests of the Administration, the latter shall have the right to be compensated by the plaintiff, defendant or interested party for the loss thus suffered.

2. When the injured person files an out-of-court claim against the driver or the driver's insurer, or against the registered owner of the motor vehicle involved in the accident or the registered owner's insurer, or the person with interest or their insurer and they grant the injured person compensation for bodily damage or illnesses resulting therefrom as a consequence of an accident, in its personal character or under the insurance contract, except for life insurance, the claimant and the claimant's insurer shall be obliged to notify the Administration in writing, before paying the compensation. The Administration shall investigate whether it is entitled to reimbursement for some, or all of the benefits paid by it to the injured person or persons in the accident. The person obliged to satisfy the extrajudicial claim, or this person's insurer shall be prevented from paying the injured person or persons any compensation until the Administration sends them a certification that there is no debt. If the Administration is entitled to such reimbursement, payment shall be issued separately in favor of the Administration for the amount corresponding to it. In such cases, if the claimant or the claimant's insurer pays the claim without obtaining prior certification from the Administration, any out-of-court settlement

agreement between the parties shall be invalid. In addition, the Administration may go to the Court of First Instance to contest the payment made by the person or the insurer and, if it does so, it shall be entitled to receive compensation equal to twice the amount of the benefits paid by the Administration to the injured person or persons to the accident.

3. In cases where the Administration is required to produce a debt certification, as provided in the two preceding paragraphs, the Administration shall establish by regulations the terms and conditions for the issuance of such document.
4. The Administration shall be entitled to resort to the competent Court of First Instance in any case in which compensation is requested before the courts by the injured person or legal heirs based on the application of the principle of liability on the grounds of negligence, by reason of damages or injuries for which benefits were provided under this Act. The injured person or legal heirs as plaintiffs shall be required by the corresponding court, prior to the continuation of the proceedings in the case, to notify the Administration with a copy of the claim filed, which shall include in its caption or in one of its allegations the case number of the claim before the Administration. Failure to comply with the provisions of this subsection shall be sufficient cause to dismiss, without prejudice, the corresponding legal action prior to the court granting a discretionary term for compliance with these provisions, which shall never be less than thirty (30) calendar days.
5. The Administration shall be entitled to be indemnified by the owner of the motor vehicle according to the corresponding registration in the Department of Transportation and Public Works, or by the driver, who shall be jointly and severally liable for the expenses incurred by the Administration for the services rendered to the injured persons, unless they prove that the vehicle was stolen.
6. In any circumstance under this Article in which the Administration is entitled to indemnification, it may exercise the corresponding action within fifteen (15) years from the date of the accident. The filing of a claim before the Court, the filing of a credible out-of-court claim or any act of acknowledgment of a debt by the debtor shall interrupt the statute of limitations term. In any case where the fifteen (15) year term applies, once the term has elapsed and reasonable collection efforts have been made in accordance with the regulations that the Administration is hereby authorized to approve, the Administration shall proceed to eliminate the account from its books, accrediting the collection made.

7. In any case in which the Administration is notified, as provided in this Article, it shall appear in court to exercise its rights. Should the Administration fail to appear in court within the term of three (3) years, its cause of action shall be understood to have been abandoned with prejudice and the Court shall pass judgment to that effect.

C. Lien

In all those cases in which there is a right to recovery, pursuant to this Article, a lien shall be created on the driver's license of the person responsible for indemnifying the Administration and any motor vehicle license plate that such person possesses. The Administration shall file with the Department of Transportation and Public Works a lien for the amount of money owed to it. As soon as the Administration files the lien, the person affected by the lien shall be notified to appear before the Administration within a term not to exceed thirty (30) calendar days to clarify any matter with respect to the lien, and upon not appearing or paying the debt, the provisions of this subsection shall be imposed. The annotation shall constitute a real lien on the license plate of the person responsible for indemnifying the Administration and a prohibition to transfer the motor vehicle or to issue or renew any type of license of the motor vehicle identified with such license plate or driver's license until the debt is satisfied, annulled or until a payment agreement is reached with the Administration. The Administration shall establish the procedure for the agreements to pay through regulations.

Notwithstanding, the provisions of the preceding paragraph, the title of the motor vehicle with an annotated lien may be transferred if the lien is imposed after the date the motor vehicle changes owner; in other words, the date of the formalized transfer on the back of the license of the motor vehicle or trailer, or by of a reliable document.

If the person responsible for compensating the Administration affected by the annotation of the administrative lien considers that the Administration is not entitled to recover or that the amount imposed for recovery is incorrect, this person may request an administrative review appeal at the Regional Office of the Administration corresponding to the person's domicile, by filing a request for review within thirty (30) calendar days after being notified of the lien entry. In these cases, the Administration shall provide by regulation the administrative review procedure.

After submitting the administrative review request, if any petitioner wants to immediately cancel the lien annotation, they must make the payment of what is owed in the Regional Offices or Central Office of the Administration or in any other place provided by the Administration. Payment for the total amount of the recovery or for the amount that corresponds to the agreed payment plan, shall be made by certified check or money order payable to the "Automobile Accident Compensation

Administration" or "ACAA" by its acronym in Spanish, or through any other form of payment, as provided by regulation. Once the payment is received, the Administration shall authorize lifting the lien, subject to the outcome of the administrative review process.

The administrative review appeal decision shall be final unless the person affected by the lien annotation or the Executive Director requests judicial review by filing a petition in the Court of Appeals thirty (30) calendar days after being the parties and their respective attorneys notified by ordinary mail or personally of the decision of the administrative review appeal.

The person affected by the decision of the administrative review appeal may request reconsideration within a term of twenty (20) calendar days from the date of filing in the record of the notification of the resolution. The reconsideration shall be processed in accordance with the provisions of Act 38-2017, as amended, known as the "Uniform Administrative Procedure Law of the Government of Puerto Rico" or by any successor or subsequent law on the same subject.

All the terms established in this Article are jurisdictional in nature and failure to comply with them deprives the Administration or the Court of Appeals of authority to consider the appeal presented. The request filing date for administrative review before the Executive Director or reconsideration of the administrative review appeal decision shall be the date of receipt in the Administration when the request is filed in person or the postmarked date when it is presented by regular mail or whatever is later.

The Secretary of the Department of Transportation and Public Works and the Administration are hereby authorized to establish by regulation such other provisions as may be necessary to implement the system of liens established in this Article.

Article 8.- Claims.

- A. Every accident that gives rise to a claim for services and benefits under this Act shall be notified to the Puerto Rico Police Bureau.
- B. Every person entitled to claim a service or benefit under this Act, shall file their claim with the Administration within fifteen (15) calendar days from the date of the accident, including the accident complaint number provided by the Puerto Rico Police Bureau.
- C. Every person entitled to death benefits shall file their claim within one hundred and twenty (120) calendar days from the date of death of the injured person, but in all cases the accident must have been notified to the Administration within

fifteen (15) calendar days from the date of the accident. Likewise, any person entitled to death benefits shall accompany the claim with the death certificate of the deceased injured person issued by the hospital institution or by the government agency responsible by law for issuing such certificate.

- D. Any person entitled to claim a service and benefit under this Act shall be responsible for submitting to the Administration, within sixty (60) calendar days from the date of the claim, all the evidence that is reasonably possible to obtain in relation to the circumstances of the accident, including a certified copy of the Traffic Accident Report issued by the Puerto Rico Police Bureau. In addition, the claimant shall present to the Administration all the evidence that is reasonably possible to obtain in relation to the loss suffered and any other data or evidence, including information on plans, contracts or policies that cover or may cover the benefits provided by this Act, as well as any other additional evidence required.
- E. Non-compliance with the provisions of the preceding paragraphs may be sufficient cause for the Administration to deny services and benefits provided by this Act, unless the claimant demonstrates just cause for non-compliance with the terms provided herein.

Article 9.- Examination, Analysis, Treatment and Rehabilitation of Injuries; Finding of Facts.

- A. Whenever the physical or mental condition of a person is relevant to a claim that has been filed or will be filed for past or future services and benefits payments, the Administration may order such person to undergo medical examinations as it may determine necessary. The Administration may not order a person to submit to a chemical-toxicological test but shall have the right to obtain a copy of the test that, based on medical criteria and in the course of medical treatment, has been performed by a provider of medical-hospital services. Likewise, the Administration shall have the right to obtain a copy of the chemical-toxicological tests conducted by the Department of Health by court orders procured by law enforcement agents and those conducted according to the provisions of Act 22-2000, as amended, known as the "Puerto Rico Vehicle and Traffic Law", or by any successor or subsequent law on the same subject.
- B. If the person refuses to submit to a medical examination, or to comply with any order by the Administration pursuant to the preceding subsection, the Administration shall not make any payment to such person, nor to their beneficiaries.
- C. The Administration may order any injured person to undergo reasonable and justified rehabilitation treatment or training. Refusal to comply with such orders may result in the loss of services and benefits provided under this Act.

- D. Every driver who claims services and benefits under this Act and has given consent to have a chemical-toxicological test performed, or that by medical judgment and in the course of medical treatment or by court order or carried out by a law enforcement officer, a medical-hospital service provider or the Department of Health, the Administration may use as part of the administrative file any analysis of such test for the purpose of determining eligibility for coverage, as provided in this Act and in the regulations established by the Administration for such purposes. The Administration shall have the right to receive and deliver a true copy of these analyses for their due incorporation and use in its administrative file.
- E. Any public or private physician, hospital, clinic, or medical service institution providing any services in connection with an injury for which services and benefits are claimed under this Act or who has previously treated the injured person in connection with any prior injury or condition which may be related in any way to the injury for which the claim is made shall furnish upon request of the Administration, all information or true copies of his records or memory, including a written report of the history, condition, treatment, dates and costs of treatment and other services rendered to the injured person and shall produce and allow the inspection of all records relating to such medical records, the condition, its treatment, and the dates and costs thereof and such other information as may be deemed necessary. The term for compliance with this provision shall be thirty (30) calendar days from the Administration's request date. Failure to comply shall constitute sufficient cause for the termination of any contractual relationship between the Administration and the medical-hospital service providers.
- F. Every employer shall be obliged to allow the Administration to examine, copy and supply at its request, personnel file, payroll, work records and sworn statements indicating the wages earned by the injured party, as well as any other document relevant to a claim before the Administration, after the date of the injuries and during the period of one (1) year prior to the date of the accident.
- G. Any employer, physician, hospital, clinic or any person or institution that supplies information requested under the terms of this Article, may be reimbursed for the cost of supplying such information, in accordance with the rates established by the Administration for such purposes.
- H. The information obtained by the Administration or by its duly authorized employees, in the course of investigations conducted in the exercise of the powers granted in this Act, shall be of a privileged and confidential nature and may only be disclosed with the authorization of the Executive Director, or that of a competent court, when the physical condition or medical treatment of an injured person claiming the Administration is a fact in controversy in a judicial

proceeding. In the latter case, the court's authorization shall be understood to apply only to information related to the claimant's physical condition or treatment.

Article 10.-Procedures to facilitate the investigation and adjudication of claims.

When the appearance of persons, their statements or the presentation of any document or evidence pertinent to any proceeding or investigation under this Act is required, the following provisions shall govern:

- A. Any subpoena, summons or certification issued by the Executive Director or the authorized representatives, by the Board, or by any of its members, or by the Secretary, shall bear the seal of the Administration or of the Board, as the case may be, and may be served anywhere in Puerto Rico.
- B. When a person summoned or required in accordance with these provisions fails to appear to testify, produce or allow copy of books, records, payrolls, data or documents, as required, or when any person so summoned refuses to answer any question in relation to any matter or investigation under the consideration of the Administration, the Administration may request the assistance of the Court of First Instance of Puerto Rico to require the appearance and declaration of the person, and the production and delivery of the books, records, payrolls, data or documents requested in the matter under its consideration.
- C. Once the petition is filed before the Court of First Instance, the Court shall issue a subpoena requiring and ordering the person to appear and testify or to produce the evidence requested, or both. Any disobedience to the order issued by the Court shall be punished as contempt and the person shall be ordered to pay costs and attorney's fees.
- D. Any person, with the exception of employees of the Government of Puerto Rico, who is subpoenaed and appears before the Board or the Administration as a witness shall receive for each day of appearance an amount equal to that received by witnesses who appear before courts of law.

Article 11.-Claims adjudication procedure; appeals.

- A. The Executive Director, or the authorized representative, shall investigate and resolve the claims made to the Administration using the procedures that he or she deems convenient, provided that the rights of the parties are guaranteed.

In the event that a claimant is not satisfied with the determination made by the Executive Director, or the authorized representative, the claimant may request reconsideration of the determination within thirty (30) calendar days from the

notification of the determination date or from the postmarked date, if postmarked, whichever is later. At this stage, the claimant may be represented by counsel, make allegations and present such evidence as deemed appropriate. If the claimant does not agree with the result of the reconsideration, the claimant may, within thirty (30) calendar days from the notice of the determination under reconsideration date or from the postmarked date, if postmarked, whichever is later, request a public hearing before the Executive Director or an examiner designated by the Executive Director. The claimant may not submit to the Executive Director at such public hearing evidence which was not before the Executive Director at the time the determination was made, unless it is shown to the satisfaction of the Executive Director that it was impossible to obtain such evidence previously.

The claimant may appear by themselves or represented by an attorney and a record of the proceedings and of everything declared at the hearing shall be kept, but the testimonies need not be transcribed unless a subsequent appeal is taken.

In the event that more than one claim is presented in connection with the same injured party and the evidence submitted is the same or substantially the same in nature, only one record shall be kept of the proceedings and such evidence as may be produced with respect to one proceeding may be deemed to be produced with respect to the others, provided none of the claimants is harmed thereby.

The rules of evidence prevailing in a court of law shall not be mandatory in any proceeding before the Executive Director or the authorized representative, or the Board.

After the hearing is held, the Executive Director or the authorized representative shall make findings and conclusions and shall furnish to each party a copy of the decision and of the findings and conclusions on which the decision was based. This decision shall be final unless an appeal is filed before the Board.

- B. The appeal shall be formalized by filing a writ of appeal with the Secretary of the Board within thirty (30) calendar days from the Executive Director's decision notification date, or by the authorized representative, or from the postmarked date, if postmarked, whichever is later.

The claimant shall have the right to appear in their own right or assisted by counsel.

The Executive Director shall submit to the Board a certified copy of the record of the case and a transcript of the oral evidence. The parties may stipulate that the record be limited to part of the record or part of the transcript of the oral evidence.

The Board shall decide based on the record before it and of any brief the parties may want to submit.

The Board may, at its discretion, grant hearings to consider the arguments of the parties before deciding. Its decision may be to sustain, modify or revoke the decision of the Executive Director or it may return the case to the Executive Director, with appropriate instructions, including an order to consider additional evidence.

In cases where hearings are held by the Board, these may be presided by a single Board member designated by its Chairman or by one or more examiners designated by the Board.

The Board and each of its members, the examiners and the Executive Director or the authorized representative, shall be empowered to administer oaths.

- C. The decision of the Board shall be final unless the claimant or the Executive Director requests judicial review by filing a petition to that effect with the Court of Appeals within thirty (30) calendar days after the parties and their respective counsels have been notified of the Board's decision by mail or in person.
- D. All the terms set forth in this Article are of a jurisdictional nature and their noncompliance deprives the Administration or the court of authority to consider the petition filed. For the purposes of the Administration, the filing date of a petition for reconsideration, for a public hearing before the Executive Director or the authorized representative, or for an appeal before the Board, shall be the date it is received in the Administration, when the request is filed in person, or that of the postmarked date when it is sent by mail.

Article 12.- Board of Directors.

- A. The corporate powers of the Administration shall be exercised by a Board of Directors that will be responsible for its administration and for ensuring that the provisions of this Act are enforced. The Board shall be composed of five members, of which two shall be ex officio members. The two ex officio members shall be the Insurance Commissioner and the Secretary of the Department of Transportation and Public Works.

With the exception of the two ex officio members, the other members of the Board shall be appointed by the Governor, with the advice and consent of the Senate. The term of appointment or election of the five members shall be four (4) years or until their successors take office.

B. No person may be a member of the Board who:

1. is employed by or has a substantial economic interest, directly or indirectly, in any private company with which the Administration awards contracts or engages in transactions of any kind;
2. in the two (2) years prior to holding office, has had a relationship or commercial interest in a private company with which the Administration grants contracts or carries out transactions of any kind;
3. has been a member of a governing board at the central or local level of a political party registered in Puerto Rico during the two (2) years prior to the appointment date;
4. is an employee, member, advisor, or contractor of the Administration labor unions; or
5. has not provided the tax return filing certification corresponding to the last five (5) tax years, the negative debt certification issued by the Department of the Treasury, the Criminal Record Certificate from the Puerto Rico Police, as well as the negative debt certifications from the Child Support Administration ("ASUME", by its acronym in Spanish) and the Municipal Revenues Collection Center ("CRIM", by its acronym in Spanish).

A majority of the members of the Board shall constitute a quorum. Vacancies occurring in the Board shall be filled with appointments for the unexpired term of the original four (4) year term.

The Governor may remove any member of the Board for incompetence in the performance of their duties or any other just cause.

The Board shall elect one of its members to act as Chairperson and another to act as Secretary. The Administration shall reimburse the members of the Board for extraordinary and necessary expenses incurred in the performance of their duties.

The Board shall fix the premium to be paid by each motor vehicle at the time of registering the vehicle with the Department of Transportation and Public Works according to its classification, use, accident risk and with the experience or the corresponding actuarial study. The Board shall be authorized to establish different premiums for commercial vehicles, motorcycles and for any other motor vehicle that by experience represents a high risk in traffic safety, without this listing being considered a limitation to the power to include others.

The Board will appoint an Executive Director, who will be responsible for the direct administration of the corporation, in accordance with the rules and conditions established by the Board.

- C. The Board shall adopt bylaws for its organization and internal operation and shall approve and promulgate regulations as are necessary to enforce the provisions of this Act pursuant to the provisions of Act 38-2017, as amended, known as the "Uniform Administrative Procedures Act of the Government of Puerto Rico", or by any successor or subsequent law on the same subject.

In addition to the duties arising from this Act, the Board shall have the following faculties and obligations:

1. Hold regular meetings every three (3) months and such special sessions deemed necessary. The Board shall keep complete minutes of all its proceedings.
2. Consider and act on matters referred by the Executive Director.
3. Approve the investments of the Administration's resources proposed by the Executive Director.
4. Investigate and resolve controversies on appeal between claimants of the Administration and the Executive Director, at the request of a party.
5. Revise and approve an annual operational report prepared by the Executive Director covering the period from July 1 to June 30 of each fiscal year, no later than November 1 of each year, containing, among other things, a balance sheet of the economic conditions; a statement of income and expenditures for the year; detailed statements on the Administration's claim experience for services and benefits for the year, capital investments held by the Administration; and other statistics and financial data that may be considered necessary for an adequate interpretation of the situation of the Administration's position and of the results of its operations. This report shall be submitted to the Governor and to the Legislature immediately after its approval.
6. Grant any debt amnesty or settlement payment.

Article 13.- Powers and Faculties of the Administration.

The Administration shall have the following powers and faculties, in addition to those established in other Articles of this Act.

- A. It shall have perpetual existence, may sue and be sued, and in any action in which it may intervene it shall be exempt from the payment of costs, charges and attorneys' fees imposed by the Court.
- B. Investigate all the phases of the problem of motor vehicle accidents, including the phases of the financial responsibility and of accident prevention, and make pertinent recommendations to the Governor and to the Legislature.
- C. Contract with physicians, chiropractors, hospitals, clinics, laboratories, and other healthcare providers to carry out the purposes of this Act. It may also enter into agreements with the State Insurance Fund Corporation, established under Act No. 45 of April 18, 1935, as amended, known as the "Compensation System for Work-Related Accidents Act", to use its medical-hospital facilities and with the Secretary of Health for the use of the medical-hospital facilities of the Government of Puerto Rico.
- D. Fix the premium to be paid by each motor vehicle, as determined by its Board.
- E. Acquire property for its corporate purposes by purchase or donation, grant or bequest; to own and exercise all property rights thereon and to dispose them in accordance with the terms and conditions that its Board may determine; as well as to borrow money or use any other facility or type of financing for the acquisition of goods that it deems necessary in the form and means its Board deems convenient.
- F. Acquire all kinds of property in full or partial payment of debts previously contracted with the Administration, when such acquisition is necessary to diminish or avoid losses in connection therewith, to retain such properties for the time it may deem convenient, to exercise all property rights thereon and to dispose of the same in accordance with the terms and conditions that its Board may determine.
- G. Exercise all incidental powers as may be necessary or convenient for the purposes of carrying out its businesses and purposes, including imposition of fines, collection actions for undue payments, payment authorizations to the injured or service providers and the requirement of documents to injured parties, dependents, insurance companies or any other interested party.
- H. Exercise all those corporate powers compatible with those expressed herein which are conferred by the laws of Puerto Rico to corporations and to exercise all those powers, within and out of Puerto Rico, to the same extent that it would or could do as natural person.

- I. Own an official seal and alter it whenever it so deems convenient.

Article 14.-Executive Director - Other Faculties and Duties.

The Executive Director shall direct and supervise all technical and administrative activities of the Administration and shall appoint or hire, with the approval of the Board, the administrative and technical personnel necessary to carry out the functions of the Administration and to pay for such services the compensation that the Board may determine in accordance with the classification and compensation plan approved by the Board. Likewise, the Executive Director shall appoint the Regional Directors in the regions established by the Board, who shall be classified as trust employees that are freely appointed and removed.

The Executive Director shall also have the following faculties and obligations:

- A. Establish an office for the Administration and provide everything necessary for the installation of a complete and adequate system of accounting, records and adjustment of claims.
- B. Adopt the procedures necessary to compile and maintain the statistical data that may be necessary to make periodical analysis of the Administration's operation costs and actuarial studies of its operations.
- C. Attend all the meetings of the Board and execute all the resolutions recommended by it.
- D. Certify all the necessary payments which have to be made according to the provisions of this Act.
- E. Remit or deposit on behalf of the Administration and render accounts, according to law and regulations in force, of all monies received belonging to the Administration.
- F. Prepare regulations for the approval of the Board.
- G. Make recommendations to the Board for the investment of the Administration's resources.
- H. Prepare the annual report and submit it to the Board for its review and approval.
- I. Submit to the Board any report that it may request.

- J. Extend the terms of the injured persons claims, appeals and billing processes, and any other administrative term provided in this Act, when a state of emergency is declared by the Governor of Puerto Rico from the moment it is issued and while the emergency lasts.
- K. Personally, or through a designated person, administer oaths, statements, testimonies or affirmations from any person under penalty of incurring the felony of perjury, require the appearance of persons and the production of any documents or evidence pertinent to any proceeding or investigation authorized by this Act.

Article 15.-Financing

- A. The cost of this insurance shall be distributed among all the motor vehicle owners through an annual contribution to be paid at the time of registering the vehicle in the Department of Transportation and Public Works.
- B. At the time of its registration, every vehicle shall pay the annual premium fixed by the Administration with the approval of the Insurance Commissioner. Said premium shall be renewed on the same date on which the motor vehicle or trailer's license and plates must be renewed.

Van towing vehicles engaged in maritime transportation to bring freight to Puerto Rico from abroad, and which enter Puerto Rico on a transitory basis, may choose to pay a special premium instead of the annual premium previously expressed, based on their brief stay on the Island, regardless of whether or not they are registered, or regardless of the type of registry. This special premium shall be fixed by the Board as previously provided and based on such criteria as it deems appropriate and necessary to fulfill the purposes of this Act. The method of payment for these special premiums shall be provided by means of a procedure to be established by the Administration for these purposes.

- C. The Administration shall be excluded from Act 233-2003, or by any successor or subsequent law on the same subject. No government agency shall withhold or collect from the premium paid any amount as a fee or charge to the Administration.
- D. Any receipts not required for the payment of claims and expenses shall be deposited in a reserve fund which shall be used exclusively for the payment of claims in subsequent years, in the event that claims incurred in any such years exceed the advanced claims upon determining the type of contribution.

- E. If in any year the receipts and reserves accrued are not sufficient to cover the losses and the expenses incurred, the Secretary of the Treasury shall provide to the Administration from any funds available in the General Fund of the Government of Puerto Rico, as an advance, the amounts required to cover the deficiency.

Article 16.-Penalties.

A felony shall be committed by any person who knowingly:

- A. Submits false information in a claim for services and benefits provided by this Act, or
- B. submits, assists or causes to be submitted a fraudulent claim for the payment of a service or benefit provided by this Act, or
- C. presents more than one claim for a damage or loss with the Administration, or
- D. makes false statements to the Administration.

The person convicted of any of the aforementioned violations shall be punished with imprisonment for a fixed term of three (3) years, a fine of not less than five thousand dollars (\$5,000) nor more than ten thousand dollars (\$10,000), or both penalties at the discretion of the Court. If there are aggravating circumstances, the fixed penalty established may be increased up to a maximum of five (5) years, or if there are extenuating circumstances, the penalty may be reduced to a minimum of two (2) years.

Article 17.- Transition

At the time this Act becomes effective, the career and regular employees of the Automobile Accident Compensation Administration ("ACAA", by its acronym in Spanish) shall continue to be employees of this public corporation of the Government of Puerto Rico under the protection of this Act.

The provisions of this Act may not be used as a basis for the dismissal of any employee with a regular or career position, nor may they be interpreted as a requirement or basis for the reduction or increase of the salary and fringe benefits that the ACAA employees are receiving. All collective bargaining agreements in force at the time this Act is approved shall remain in force, until they are expressly altered, modified, amended, repealed or replaced, subject to the provisions included in Act 3-2017, known as the "Act to Address the Economic, Fiscal and Budgetary Crisis to Ensure the Functioning of the Government of Puerto Rico"; Act 8-2017, known as the "Act for the Administration and Transformation of Human Resources in the Government of Puerto Rico"; Act 26-2017, known as the "Fiscal Plan Compliance Act"; or by any successor or subsequent laws thereto.

Pursuant to the provisions of Article 1 of this Act, all real and personal property, documents, files, records, materials, accounts, positions, equipment and funds assigned to the ACAA are maintained in said public corporation. Likewise, all obligations, litigations, debts and liabilities of said entity are maintained and assumed under this Act.

All regulations, orders, resolutions, circular letters and other administrative documents governing the operation of the ACAA that are in effect on the date of approval of this Act, provided that they are consistent with the provisions hereof, shall continue in force until such time as they are expressly altered, modified, amended, repealed or replaced.

Article 18.-Repeal

Act No. 138 of June 26, 1968, as amended, known as the "Motor Vehicle Accident Social Protection Act," is hereby repealed.

Article 19.-Severability.

If any clause, paragraph, article, section, subsection or part of this Act is declared unconstitutional by a competent court, the judgment to such effect shall not affect, impair or invalidate the remainder of this Act. The effect of said judgment shall be limited to the clause, paragraph, article, section, subsection or part thereof that has been declared unconstitutional.

Article 20.-Validity.

This Act shall become effective ninety (90) days after its approval.