Government of Puerto Rico

OFFICE OF THE COMMISSIONER OF INSURANCE OF PUERTO RICO

San Juan, Puerto Rico

RULE NUMBER 106 OF THE REGULATIONS OF THE INSURANCE CODE OF PUERTO RICO

STANDARDS OF THE APPRAISAL PROCESS FOR INSURANCE CLAIMS

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SECTION 1. – LEGAL AUTHORITY

The Office of the Commissioner of Insurance of Puerto Rico adopts Rule Number 106 of the Regulations of the Insurance Code of Puerto Rico, "Standards of the Appraisal Process for Insurance Claims," pursuant to the powers and functions conferred in Sections 2.030 and 11.190(3) of the Insurance Code of Puerto Rico, Act No. 77, June 19, 1957, as amended, as well as in Act No. 38, June 30, 2017, as amended, the "Uniform Administrative Procedure Act of the Government of Puerto Rico.".

SECTION 2. - PURPOSE

This Rule is adopted under the provisions of Sections 2.030, 9.301, and 11.190(3) of the Insurance Code of Puerto Rico for the purpose of establishing the necessary standards to govern the appraisal process to provide the parties with a swift, economical, non-contentious, and informal alternative for the resolution of differences that may arise regarding the amount of damage or losses in a claim related to property insurance in commercial or personal lines, including the claims of divisions and instrumentalities of the Government and Municipalities of Puerto Rico, as well as public corporations. The standards established in this Rule further and regulate the appraisal process as an alternative method for the resolution of disputes regarding the amount of damage or losses in claims related to commercial or personal property insurance policy, as well as establishing fitness and competence criteria for persons who will act as umpires and appraisers in that process.

SECTION 3.- INTERPRETATION

The provisions of this Rule shall be interpreted liberally to achieve a swift, fair, economical, and equitable resolution of all disputes in the appraisal process.

SECTION 4.- DEFINITIONS

a. Umpire - means an impartial and competent party selected in the appraisal process to resolve disagreements solely related to the value of losses or damage in one or more claim items related to commercial or personal property insurance policies.

b. Insured Claimant - means a natural or legal person that claims to be entitled to payment of a claim under the terms of an insurance policy that provides coverage for property located in Puerto Rico.

c. Insurer - means an insurer that is authorized to do business in Puerto Rico that issued a property insurance policy to an insured.

d. Commissioner - means the Office of the Commissioner of Insurance.

e. Conflict of interest - means any situation in which the personal or financial interest of any appraiser, umpire, or persons related to such by family ties or any other reason, conflicts with the duty of impartiality.

f. Agreement- means the report with the results of the appraisal process where at least two (2) of the three (3) parties reach an agreement regarding the determination of the value of the losses of the property related to the insurance claim

g. Just Cause - means objective facts, acts of God or force majeure, or circumstances that are beyond the control of a party, appraiser, or umpire that reasonably caused or may cause the party, appraiser, or umpire to fail to meet a deadline or regulatory term related to the appraisal process. Just cause will be determined on a case-by-case basis, according to the facts and specific circumstances.

h. List of umpires - means the registry or list of persons that are authorized to act as umpires in the appraisal process, according to the requirements of the Commissioner.

i. Obstruction of the Process: unjustified conduct of the appraisers and/or the parties which the record of the appraisal process shows to have had the purpose of resisting, obstructing, delaying, or hindering the umpire in the performance of the umpire's functions.

j. Appraisal Process - means the informal alternative conflict resolution method, in which the impartial and competent appraisers of the insurer and of the insured estimate the losses in an insurance claim and if they are not able to reach an agreement, they submit the dispute to the consideration of the umpire.

k. Registry of Umpires - means the registry or list of persons that are authorized to act as umpires in the appraisal process, as certified by the Commissioner.

l. Initial Meeting – a period of 15 days, to be counted from the time any of the parties requests in writing to submit to the appraisal process until an umpire is designated, in which the appraisers of the parties hold the meetings and deliberations, perform the inspections, and effect the communications needed to attempt to reach a good faith agreement regarding the value of the damage or losses.

m. Representative of a Party - means one or more personas authorized by a party to represent the person the appraisal process, including the person's attorney, if there were such.

n. Appraiser - means an impartial person with subject matter competence related to the insurance claim and appraisal of the damage under the parameters of this Rule and who has been selected by the Insurer or an Insured Claimant to participate in the appraisal process.

SECTION 5. – APPLICABILITY

The provisions of this Rule shall apply to all appraisal processes in claims arising from a commercial or personal property insurance policy, including the claims of divisions of the Government of Puerto Rico and Municipalities, instrumentalities, and public corporations.

SECTION 6. – STATEMENT OF NEED AND OBJECTIVE

Act No. 242-2018 amended the Insurance Code of Puerto Rico, among other things, to establish the legal framework that enables the appraisal process. That statute is the basis for establishing the standards for the appraisal process as an alternative conflict resolution mechanism.

Consequently, this Rule is issued to establish the standards that will govern the process for addressing disagreements between the insured or the claimant and the insurer on the appraisal of claims. The provisions of this Rule that facilitate the appraisal process are necessary for the adequate protection of the public interest, as required by the times.

SECTION 7. –APPRAISAL CLAUSE

The following guidelines are established to ensure the uniformity of the language of the appraisal clause in policy contracts:

1. All property insurance policies, in commercial or personal lines of business, must contain a clause that provides for the resolution of disputes based on the appraisal process regarding the value of the losses or damage in a claim. The clause shall provide that any of the parties may request an impartial and objective umpire for the resolution of disputes related to the appraisal of damage or losses in a claim in which the insurer has accepted coverage, as provided in Section 11.150(3) of the Insurance Code of Puerto Rico.

2. As provided in Section 11.190(3) of the Insurance Code of Puerto Rico, all appraisal clauses in property policies in personal or commercial lines of business must indicate that both the insured and the insurer may make a written request to submit to an impartial and competent umpire for the resolution of disputes related the appraisal of damage or losses in a claim for which the insurer has accepted there is coverage.

3. All appraisal clauses in property policies in personal or commercial lines of business must indicate that the umpire will be selected by mutual agreement between the appraiser of the insurer and the appraiser of the insured. If they cannot reach an agreement within fifteen (15) calendar days from the date of the request for the appraisal

process, the umpire will be selected by the Office of the Commissioner of Insurance. In addition, the clause must set forth that the decision of the umpire in the appraisal process will be binding when two (2) of the three (3) parties (the insured's appraiser, the insurer's appraiser, and the umpire) reach an agreement, without prejudice to the right of the party that is unsatisfied with the decision of the umpire to turn to the Court of First Instance to challenge the decision within thirty (30) days of the notification of the decision.

SECTION 8. - NATURE OF THE APPRAISAL PROCESS

1. The appraisal process is an informal alternative conflict-resolution method in which the parties in good faith submit to an impartial and competent umpire the resolution of disputes related to the appraisal of the amount of the damage or losses in a claim related to a property policy in personal or commercial lines of business.

2. The insureds have the option of requesting the appraisal process from the insurer, without this being a limitation to the right to turn directly to the courts. The appraisal process does not supersede, condition, or constitute a waiver of the right of the insured to turn to the courts. The appraisal process will not preclude an insured from requesting an investigation by the Office of the Commissioner of Insurance or initiating any other legal proceedings that may be warranted under the law.

3. If the insured requests the appraisal process, the insurer shall have the obligation to participate in the appraisal process, according to the stipulation or appraisal clause contained in the policy, as required in paragraph (3) of Section 11.150 of the Insurance Code of Puerto Rico.

4. All oral or written information provided during the appraisal process, including the work documents and records of the appraisers and the parties that are involved in the process, will be confidential and privileged. This information or documentation may not be subpoenaed in court or administrative proceedings, nor may the umpire be required to testify on the content thereof or on the process before him or her, except as provided in Section 23 of this Rule on Confidentiality of Information.

5. The decision made by the umpire in the appraisal process will be binding when two (2) of the three (3) parties (the appraiser of the insured, the appraiser of the insurer, and the umpire) reach an agreement, without prejudice to the right of the party that is unsatisfied with the decision of the umpire to turn to the Court of First Instance to challenge the decision within thirty (30) days of the notification of the decision.

SECTION 9. – REQUIREMENTS FOR THE APPRAISAL PROCESS

The following conditions must be present to request the appraisal process:

1. There is a claim that has been submitted to the insurer.

2. The insurer must have acknowledged coverage of the event or loss being claimed and made an offer of payment for the damage or loss being claimed, or if an offer has not been made, the Commissioner considers that the insurer is unduly and unjustifiably delaying or prolonging the resolution of the claim according to the parameters set forth in Section 27.162 of the Insurance Code of Puerto Rico.

3. There must be a dispute between the insurer and the insured regarding the appraisal of the amount of the damage or losses in one or more items of the claim related to a property insurance policy in personal or commercial lines of business. In this regard,

the insured's claim must specify a monetary amount for the damage being claimed. Neither of the parties may represent elements or items in bulk and both parties are required to establish the elements or items specifically to enable the identification of the disputed element to be submitted to the process.

A worksheet is attached to this Rule for listing the elements or items of the claim to be used to ensure compliance with this subsection.

4. Litigation on the claim may not have been initiated in a court of law. If such proceedings have been commenced it will be necessary for the Court, whether sua sponte or at the request of one of the parties, to authorize the referral to the appraisal process of the dispute related to the appraisal of the amount of the damage or losses.

5. If after the initiation of the appraisal process any of the parties turns to the Courts to clarify a matter of law regarding the claim, this action will not stay the appraisal process, unless the Court issues a direct order to that effect. This is the case because these are two independent processes.

SECTION 10. –SCOPE OF THE APPRAISAL PROCESS

To determine in the appraisal process the amount of the damage or losses to the property the parties by mutual agreement or as authorized by the court may submit the issues set forth in this section for the consideration of the umpire:

1. <u>Scope and extent of loss</u> - The umpire may determine the amount of the things, objects, or articles that have been damaged, the degree of damage, and the replacement or repair cost of the damaged property to restore it to its condition prior to the event that gives rise to the claim.

2. Matching – when a part of the covered property requires replacement and the replacement does not match or harmonize in terms of color, kind, or quality with the adjacent part, the umpire may determine the replacement cost of the adjacent part of the property to reasonably achieve a uniform or harmonious appearance of the property within the line of vision, seeking to maintain the consistency and/or uniformity that existed before the event that caused the damage or the partial loss of the property.

3. Causation of the damage in a claim for which coverage of the event has been accepted - The umpire may decide whether the cause of any of the particular damage being claimed is a consequence of the covered event or risk, whether it was damage that existed before the event or whether it was caused by the natural wear and tear of the property, in order to determine the necessary replacement or repair to return the property to its condition prior to the event that gives rise to the claim. In no manner will this prevent any of the parties that considers that the determination made by the umpire of the scope or extent of the damage to be a gross error or abuse of discretion, to seek review by Court of First Instance as provided in Section 19 of this Rule regarding Reviewability of the Decision in the Appraisal Process.

SECTION 11. – PROCEDURE OF THE APPRAISAL PROCESS

1. To commence the appraisal process, the interested party must notify the other party of the request for the appraisal process. For this, the party may use the form that may be adopted in due course by the Commissioner of Insurance of Puerto Rico. The minimum criteria for the content of the written notification are the following: (i) name and signature of the insured or the insured's authorized representative; (ii) telephone

number and email of the insured and of the insured's authorized representative (iii) number and date of submission of the claim; (iv) number of the policy; (v) name of the insurer.

2. After the notification of the request, the appraisal process will proceed as follows:

a. The insured and the insurer will select their own appraisers to represent them during the appraisal process and will notify the other party of the identity of the appraiser within ten (10) days of the notification of the request for the appraisal process. The appraiser must meet the requirements provided respectively in Sections 15 and 16 of this Rule on <u>Disinterest, Competence, and Fitness Requirements for Appraisers</u> and <u>Claims Estimating Technology Systems.</u>

b. The insured's appraiser and the insurer's appraiser will hold initial meetings and deliberations and effect such inspections and communications as may be necessary in an attempt to reach a good faith agreement to resolve the discrepancies regarding the appraisal of the amount of the damage or losses of the claim or the items of the claim in controversy.

c. If the parties reach an agreement regarding the value or amount of the losses or damage for one or more elements or items in controversy, the parties shall set forth in a joint memorandum a detailed list of the matters and/or items or elements that are no longer disputed.

d. If an agreement is not reached, the insured's appraiser and the insurer's appraiser will notify the other party in writing and proceed to select by mutual agreement an impartial and competent umpire for the appraisal process within fifteen (15) calendar days from the notification of the disagreement by the appraisers of the parties. This term may be extended by the appraisers and with the written consent of the insured and the insurer.

e. If the insured's appraiser and the insurer's appraiser have not agreed on the selection of the umpire within the provided term, either of the parties may notify the Office of the Commissioner of Insurance at the email address appraisal@ocs.pr.gov. The Commissioner may determine in the future that submission is to be made to an email address other than that provided herein in a Circular Letter to that effect and distributed to the general public. Once the Commissioner has been notified, he or she will proceed to select the umpire from a list that will be kept available for that purpose and will notify the parties within (15) days from the receipt of the email.

f. Once an umpire has been selected, whether by the parties or by the Commissioner, the umpire will review the documents, photos, estimates, expert reports, the list of items, and the disputed amount of the losses or damage of the claim submitted to the appraisal process and may also inspect the property and make his or her own estimate.

g. Proceedings held before the umpire will be informal.

h. The insured and insurer may appear pro se or through counsel or a representative. If the insured is a corporation or a legal person, the insured must submit the Corporate Resolution or official designation authorizing the person to represent and make binding decisions on behalf of the corporation or legal person. In the case of an insurer, an official designation by the insurer must be submitted to authorize a natural person to represent and make binding decisions on its behalf.

i. For all claims before his or her consideration, the umpire may set the date, place, and time for the meetings, and the guidelines to be followed by the parties during the meetings. To ensure the transparency of the process, no *ex parte* communications may be made with the umpire during the process. All communications of a party and/or their representatives with the Office of the Commissioner of Insurance and/or the Commissioner of Insurance regarding the appraisal process will be made with a copy to the other party. All communications by appraisers and/or umpires with the Office of the Commissioner of Insurance and/or the Commissioner of Insurance will be made with copies to the parties and their representatives.

j. Any request for the suspension of any meeting or inspection during the appraisal process must be notified at least three (3) business days before the scheduled date, stating the reasons and grounds for the request. If any party, appraiser, expert, or representative should fail to attend a scheduled meeting without having previously requested the suspension or without just cause, this will be deemed to be an obstruction of the process. If the suspension is at the request of the umpire, the umpire must timely notify the parties of the need for such and the umpire will timely coordinate a date for the meeting.

k. During the appraisal process, the umpire may make oral recommendations regarding a possible settlement before making a determination.

l. If after requesting the appraisal process a party refuses to participate in the process or acts in bad faith to impede or in any manner obstruct the proceedings, the other party may continue with the process and the decision of the umpire will be binding if the party that continued in the process agrees with that decision.

m. All appraisals of losses will be limited to the maximum value insured in the policy, minus the deductible amount indicated in each policy or in the specific provisions of such, provided that the maximum of the value insured in the policy and the deductible amount is not in dispute between the parties.

n. The decision made by the umpire in the appraisal process will be binding when two (2) of the three (3) parties (the insured's appraiser, the insurer's appraiser, and the umpire) reach an agreement, without prejudice to the right of the party that is unsatisfied with the decision of the umpire to turn to the Court of First Instance to challenges the decision within thirty (30) days of the notification of the decision, as set forth in Section 19 of this Rule regarding the Reviewability of the Decision in the Appraisal Process.

o. All claims that have been referred to an appraisal process must be concluded within sixty (60) days from the date on which the request for the appraisal was notified. The umpire may extend this term, on his or her own initiative or at the written request of a party.

SECTION 12. –COMPETENCE AND FITNESS REQUIREMENTS FOR UMPIRES

All persons who seek to act as umpires in an appraisal process must meet the following requirements:

1. Complete an application to act as an umpire in the appraisal process of insurance claims. This will be done using the form that the Commissioner of Insurance of Puerto Rico may adopt in due course. Once the application is completed, it must be submitted to the Office of the Commissioner of Insurance at the following email address: appraisal@ocs.pr.gov or in paper along with the amount of fifty dollars ($50) to cover administrative costs. The Commissioner may determine that the submission be made to an email address other than the address stated herein.

2. Include with the application a Resumé or Curriculum Vitae, that shows prior employment experience, certifications, and training.

3. Have taken at least twelve (12) contact hours of courses on the appraisal process of insurance property claims with an accredited entity and submit evidence of such to the Office of the Commissioner of Insurance of Puerto Rico. In the alternative, the person must hold a current certification to act as an umpire issued by a bona fide professional association in Puerto Rico or any State of the Union.

4. Professional qualification or training, by kind of appraisal process:

(a) Appraisal of losses in Interruption of Business coverage: the person must hold a current license as an adjuster or certified public account authorized to practice the profession in Puerto Rico;

(b) Appraisal of losses or damage to the physical structure of the property: the person must hold a current license as an Adjuster, be an engineer with a Professional Engineer (PE) certification, a licensed architect, or hold a license as a Professional Real Estate Appraiser authorized to practice the profession in Puerto Rico.

5. Under appropriate circumstances, the Commissioner of Insurance may designate as umpire a person who although not having the qualifications or professional training set forth herein, is considered by the Commissioner to have sufficient training or experience to participate in the particular appraisal process.

6. The umpire may not decide controversies of law or coverage with regard to the claim.

7. The umpire will not assume any legal liability in the performance of his or her functions as an umpire.

8. The Office of the Commissioner of Insurance will maintain a list of umpires that are approved for participation in the appraisal process. Neither the Office of the Commissioner of Insurance nor the employees of the Office will have any legal liability for the umpire’s statements or the performance of his or her functions in the appraisal process.

SECTION 13. – UMPIRE'S DUTY OF IMPARTIALITY AND OBJECTIVITY

1. All persons that act as umpires in appraisal processes related to damage or losses in claims arising from a property insurance policy in personal or commercial lines of business must be independent, impartial, and objective.

2. As provided in Section 9.301 of the Insurance Code of Puerto Rico, any of the following practices will constitute a violation of the duty to act with impartiality and objectivity:

(a) Having a financial interest, whether directly or indirectly, in the claim or results of the process;

(b) Establishing rates for fees based on the results of the process;

(c) Being simultaneously an employee, shareholder, member, partner, director, officer, or representative of the insurer or insured or the appraisers, including independent or public adjusters;

(d) Being related, within the fourth degree of consanguinity or a second degree of affinity, or residing with any of the parties or appraisers that participate in the process;

(e) Failing to inform the parties of any prior professional relationship or personal circumstances with any of the parties or their representatives that could cast doubts on the umpire's impartiality;

(f) Failing to notify in a timely manner or recusing him or herself from the process when a potential conflict of interest arises.

SECTION 14.- OBLIGATIONS OF THE UMPIRES SELECTED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

The following are the obligations of umpires selected by the Commissioner:

No later than the seventh day after receiving the notification of having been selected by the Commissioner of Insurance, the umpire shall notify the parties, their representatives, and the appraisers. The notice shall:

a. Be in writing;

b. Inform the parties and their respective appraisers that the umpire has been selected;

c. Indicate whether the umpire has a conflict of interest.

SECTION 15.- DISINTEREST, COMPETENCE, AND FITNESS REQUIREMENTS FOR APPRAISERS

1. The insured and the insurer will each select a person who will be their own appraiser to represent them in the appraisal process. The insurer's appraiser may be an independent adjuster and the insured's appraiser may be a public adjuster, provided that the person does not have any interest in the claim for which he or she will be the appraiser. Each party will notify the other of the identity of its appraiser. Each appraiser shall include with the notice a sworn certification signed by the appraiser and the party that selected the appraiser to the effect that the person has no interest in the results of the appraisal process for which he or she was selected and stating the following:

(a) that the person had no personal, financial, or monetary interest, whether direct or indirect, in the claim or the results of the appraisal process;

(b) that the appraiser's fees are not contingent or based on the results of the process.

(c) that the person has not acted as a public or independent adjuster for the claim being submitted to the appraisal process.

2. the person that acts as an appraiser in an appraisal process must also:

(a) Be qualified or have professional training, by kind of appraisal process:

(i) Appraisal of losses in Interruption of Business coverage: the person must hold a current license as an adjuster or certified public account authorized to practice the profession in Puerto Rico;

(ii) Appraisal of losses or damage to the physical structure of the property: the person must hold a current license as an Adjuster, be an engineer with a Professional Engineer (PE) certification, a licensed architect, or hold a license as a Professional Real Estate Appraiser authorized to practice the profession in Puerto Rico.

SECTION 16.- CLAIM ESTIMATING TECHNOLOGY SYSTEMS

The software used to assist the appraisal process of the damage or losses of the claim must be recognized in the insurance industry and appropriate for the kind of property insurance coverage related to the claim, in terms of the actual cash value or replacement cost, as applicable. The values that are produced through the technology system or software used in the appraisal process of the damage or losses shall be aligned with the prevailing costs in the specific Puerto Rico market. Appraisers will have the obligation to disclose the kind and features of the technology systems or software used in the valuation of the claim.

SECTION 17. –UMPIRE AND APPRAISER FEES

1. The cost of the umpire's fees will be shared equally between the insurer and the insured and shall be agreed on in writing before the commencement of the proceedings with the umpire and specify the rate (by the hour, day, or session) and the duration of the services.

2. The umpire must specify his or her fees in writing with regard to the rates (by the hour, day, or session), before beginning to work on the appraisal process. The umpire's fees will be according to the services rendered and the complexity of the claim involved in the appraisal process. The umpire's fees will not exceed $125 per hour, except in the case of extraordinary circumstances that justify a higher rate.

3. The umpire's fees may not be based on a percentage of what is received for the claim or on the value of the losses.

4. Each of the parties will be responsible for the fees of the appraiser that represents them in the appraisal process.

SECTION 18. – NOTICE AND EFFECT OF THE DECISION IN THE APPRAISAL PROCESS

When at least two (2) of the three (3) parties reach an agreement on the determination of the value of the losses of the claim, the umpire must draft a final report setting forth the details of the work performed, the findings, and the decision on the appraisal of the losses, which will be promptly notified to the parties and their representatives. The umpire shall notify the parties of the agreement that was reached by certified mail return receipt requested within five (5) business days of the meeting at which the agreement was reached and will forward a copy of the agreement to the Office of the Commissioner of Insurance. The agreement will be made in writing with a detailed list of the monetary amount for each of the items or elements of the claim submitted to the appraisal process.

In the notification, the umpire will state that any party that is not satisfied with the agreement may appear before the Court of First Instance, within thirty (30) days of the notification of the report. Once this term has elapsed and no party has appeared before the Court of First Instance, the agreement will become final and unappealable, and the amount established will become due and payable on the day following the expiration of such term.

SECTION 19. – REVIEWABILITY OF THE DECISION IN THE APPRAISAL PROCESS

The agreement set forth in the umpire's report of the appraisal process will have the benefit of the presumption of correction and legality. The party that challenges the agreement before the court must prove to the satisfaction of the court that there has been manifest fraud, bias, gross error, abuse of discretion, or improper conduct of the umpire or an appraiser during the process.

SECTION 20. – COURT COSTS AND ATTORNEY FEES

If the losing party in the appraisal process appears before the Court of First Instance and the result is an unfavorable ruling for that party, the court may order such party to reimburse the prevailing party for court costs and expenses of the litigation and impose an amount for attorney fees that the court may deem warranted due to temerity.

SECTION 21. –UMPIRE'S REPORT TO THE COMMISSIONER OF INSURANCE

On or before January 31 every year, all umpires that are authorized by the Office of the Commissioner of Insurance to act in appraisal processes, whether or not they have participated in an appraisal process during the previous year must submit a report to the Office of the Commissioner of Insurance regarding the appraisal process in which they have intervened during the previous year, through the following email address: appraisal@ocs.pr.gov. This report must include as a minimum, the number of the claim, the identity of the parties (name of the insurer and of the insured), and that of their respective appraisers, as well as the result of the agreement and the date of notification to the parties (insurer and insured). If the umpire has not intervened in any appraisal process during the previous year, the umpire must submit a report to the Office of the Commissioner of Insurance showing a zero (0) value.

SECTION 22. – SANCTIONS

Any obstruction of the process directed at resisting, delaying, or obstructing the umpire's performance of his or her functions or violation of the provisions of this Rule or of Sections 9.301, 11.150(3), and 11.190(3) of the Insurance Code of Puerto Rico, will entail the imposition of the sanctions provided in Chapter 2 or Chapter 27 of the Insurance Codee of Puerto Rico, as applicable.

SECTION 23.- CONFIDENTIALITY OF INFORMATION

All information provided by the parties in the appraisal process, including but not limited to such, offers, promises, conducts, and statements, whether oral or written, made during the appraisal process by any of the parties, their agents, employees, representatives, experts, and attorneys, or by the umpire or appraisers, shall be confidential and privileged. Likewise, all work documents and records of the umpire shall be confidential and privileged. The documents that are held at the Office of the Commissioner of Insurance of Puerto Rico related to the appraisal process will not be deemed to be public documents.

The information provided in an appraisal process may be disclosed under a court order within a review process of an umpire's determination in the appraisal process.

Privilege and confidentiality will not be applicable when any of the parties, representatives, or any other person who participates in the process engages in any of the following conducts:

a. a violation of the provisions of any law or of the statutes of the Insurance Code of Puerto Rico;

b. a criminal offense or act that constitutes fraud or abets another party in the commission of a criminal offense or fraudulent act; or

c. the commission of a criminal offense in the presence of the other participants during the appraisal process.

SECTION 24. – NOTIFICATIONS

During the process, the following methods to notify any document or written communication between the parties or with the Office of the Commissioner of Insurance will be available to the parties, their representatives, or the umpire: personal (by hand), by regular or certified mail, or by email, unless a specific method of notification is provided in any section of this Rule.

SECTION 25. - SEVERABILITY

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

SECTION 26. – EFFECT

The provisions of this Rule will enter into effect (30) days from filing with the Department of State of Puerto Rico, under the provisions of Act No. 38, *supra*. The provisions of this Rule will enter into effect prospectively from the date of approval thereof and will not have any effect on ongoing appraisal processes or on any persons who may have been authorized to act as umpires or appraisers before the effective date of this Rule.

SIGNED

ALEXANDER S. ADAMS-VEGA, ESQ.
COMMISSIONER OF INSURANCE OF PUERTO RICO

Date of approval: November 29, 2023

Date of Filing
at the Department of State:

Date of Filing
at the Library of the Legislature:

Enclosure

Model Worksheet

Insured: ___________________________________
Policy Number:______________________________
Number of Claim:_________________________
Date of Loss/Event:_________________________

Space _____ Building_____
Limit:

STATEMENT OF LOSS

Common Areas				
Description of Items	**Number**	**Unit of measurement**	**Unit Cost**	**Loss**
Example: Exterior paint		sq.ft.		$
Example: Gypsum board wall				$
Example: Roof treatment				$
Example: Air conditioning unit (2 ton) Lobby		ea.		$
Example: Elevators				$
Example: Debris removal		L/S		$
				$
				$
General Conditions, Overhead & Profit		%		$
			Subtotal	$
Apartments (Claims in condominiums)				
Description of Items	**Number**	**Unit of measurement**	**Unit Cost**	**Loss**
(Example.: Apt. 201)				
Kitchen window		ea.		$
Kitchen cabinets		L/S		$
				$
(Example.: Apt. 202)				
Sliding door		ea.		$
Inside wall paint		sq.ft.		$
General Conditions, Overhead & Profit		%		$
			Subtotal	$
			Total	$
			Deductible	$
			Net Loss	$