

No. 2288

Date October 7, 1977 9:295 AM

Approved Reinaldo Paniagua-Diez
Secretary of State

By Lourdes I de Pierluisi

Assistant Secretary of State

AMENDMENTS TO THE REGULATIONS OF THE PUERTO RICO INSURANCE CODE

Section 1 - By virtue of the provisions of Section 2.040 of Public Law No 177, enacted on June 15, 1957, as amended, I am hereby notifying insurance producers, the insured public, and the public at large of the approval of the amendment to Rule 27 of the Regulations of the Puerto Rico Insurance Code which will read as set forth below:

RULE 27

DEFINITION OF MARITIME INSURANCE

Authority of Law Section 4.050

(Amended on December 13, 1960 and September 7, 1977)

Maritime and/or land transportation policies may cover under certain conditions

MARITIME RISKS

A. IMPORTS

(1) Imports under consignment may be covered wherever the property may be and without restriction as to time, provided the coverage of the issuing companies includes the hazards of transportation.

An import "under consignment" shall be deemed to be property consigned and entrusted to a factor or agent to be held under the custody or control of such, for sale on behalf of another person or for exhibit, trial, approval, auction, and if not disposed of, for return.

(2) Imports that are not under consignment in storage places usually employed by importers, provided the coverage of the issuing companies includes the hazards of transportation.

Said policies may also include the same coverage for property under CIF terms or goods "in detention" to be included with or in substitution of bona fide imports.

An import, as a proper subject of marine or transportation insurance, shall be deemed to maintain its character as such so long as the property remains segregated in its original form in such a way that it may be identified and has not become incorporated and mixed with the general mass of property in Puerto Rico, and shall be deemed to have been completed if any of the following occurs:

- (a) The property is sold and delivered by the importer, factor, or consignee.
- (b) The property is removed from the place of storage and placed on sale as part of the importer's stock in trade at a point of sale and distribution.
- (c) The property is delivered for manufacture, processing, or change in form to the premises of the importer or of another used for any such purposes

B. EXPORTS

(1) Exports may be covered by marine and transportation insurance wherever the property may be without restriction as to time, provided the coverage of the issuing companies includes the hazards of transportation.

An export, as a subject of marine or transportation insurance, shall be deemed to acquire its character as such when designated or while being prepared for export and retain that character unless diverted for domestic trade, and if so diverted, the provisions of this regulation relating to domestic shipments shall apply, provided, however, that these stipulations shall not apply to long-established methods of insuring certain commodities, for example, cotton.

LAND TRANSPORT

C. Domestic shipments.

(1) Domestic shipments on consignment, provided the coverage of the issuing companies includes the hazards of transportation.

(a) Property shipped on consignment for sale or distribution, while in transit and for no more than one hundred and twenty (120) days after arrival at the premises of the consignee or at any other storage place or warehouse.

(b) Property shipped or on consignment for exhibit, trial, or approval or auction while in transit in the custody of others, and while being returned.

(2) Domestic shipments not on consignment provided that the coverage of the issuing companies includes the hazards of transportation beginning and ending within Puerto Rico, and that such shipments shall not be covered at manufacturing premises nor after arrival at premises owned, leased, or operated by assured or purchaser nor for more than ninety (90) days in any other storage place or warehouse, except in the premises of carriers or freight forwarders, and when such storage is incidental to transportation.

D. Bridges, tunnels, and other instrumentalities of transportation and communication (excluding buildings, their furniture and furnishings, their fixed contents, and their supplies held in storage).

The above includes:

(1) Bridges, tunnels, and other similar instrumentalities, including auxiliary facilities and maintenance equipment attendant thereto.

(2) Piers, wharves, docks, slips, dry docks, and marine railways.

(3) Pipelines, including on-line propulsion, regulating, and other equipment appurtenant to such pipelines, but excluding all property at manufacturing, producing, refining, converting, treating, or conditioning plants.

(4) Power transmission and telephone and telegraph lines excluding all property at generating, converting, or transforming stations, substations, and exchanges.

(5) Radio and television communication equipment in commercial use as such, including towers and antennae with auxiliary equipment and appurtenant electrical operating and control apparatus.

(6) Outdoor cranes, loading bridges, and similar equipment used to load, unload, and transport.

E Personal property floater policies covering any of the following, individually or generally

(1) Personal effects floater policies.

(2) The personal property floater.

(3) Government service floaters.

(4) Personal fur floaters.

(5) Personal jewelry floaters.

(6) Wedding present floaters for not exceeding 90 days after the date of the wedding.

(7) Silverware floaters.

(8) Fine arts floaters covering paintings; etchings; pictures; tapestries; art glass windows; and other *bona fide* works of art of rarity, historical value, or artistic merit.

(9) Stamp and coin floaters.

(10) Musical instrument floaters. Radios, televisions, record players, and combinations thereof are not deemed musical instruments.

(11) Mobile articles, machinery, and equipment floaters—excluding motor vehicles designed for highway use, and auto homes, trailers, and semitrailers except when hauled by tractors not designed for highway use—covering identified property of a mobile or floating nature pertaining to or usual to a household. Such policies shall not cover furniture and fixtures not customarily used away from premises where such property is usually kept.

(12) Installment Sales and Leased Property Policies covering property pertaining to a household and sold under conditional contract of sale, partial payment contract or installment sales contract or lease, but excluding motor vehicles designed for highway use. The policies must cover in transit but shall not extend beyond the termination of the seller's or lessor's interest.

(13) Live animal floaters.

F. Commercial property floater policies covering property pertaining to a business, profession, or occupation may cover any of the following:

(1) Radium floaters.

(2) Physicians' and surgeons' instrument floaters. Such policies may include coverage of such furniture, fixtures, and tenant assured's interest in such improvements and betterments of buildings as are located in the portion of the premises occupied by the assured in the practice of the profession.

(3) Pattern and die floaters.

(4) Theatrical floaters, excluding buildings and their improvements and betterments, and furniture and fixtures which do not travel about with theatrical troupes.

(5) Film floaters, including builders' risk during the production and coverage on completed negatives and positives and sound records.

(6) Salesmen's samples floaters.

(7) Exhibition policies on property while on exhibitions and in transit to or from such exhibitions.

(8) Live animal floaters.

(9) Builders' risks and installation risks covering interest of owner, seller, or contractor against loss or damage to machinery, equipment, building materials, or supplies being used with, and during the course of installation, testing, building, renovating, or repairing. Such policies may cover at points or places where work is being performed, while in transit and during temporary storage or deposit, property designated for and awaiting specific installation, building, renovating, or repairing.

Such coverage shall be limited to builders' risks or installation risks where perils in addition to fire and extended coverage are to be insured.

If written for account of owner, the coverage shall cease upon completion and acceptance thereof; or, if written for account of a seller or contractor, the coverage shall terminate when the interest of the seller or contractor ceases.

(10) Mobile articles, machinery and equipment floaters (excluding motor vehicles designed for highway use and auto homes, trailers, and semitrailers, except when hauled by tractors not designed for highway use and snow plows constructed exclusively for highway use) covering identified property of a mobile or floating nature, not on sale or consignment, or in course of manufacture, which has come into the custody or control of parties who intend to use such property for the purpose for which it was manufactured or created. Such policies shall not cover furniture and fixtures not customarily used away from premises where such property is usually kept.

(11) Property in transit to or from and in the custody of bailees not owned, controlled, or operated by the bailor. Such policies shall not cover the property of the bailee at his premises.

(12) Installment sales and leased property. Policies may cover property sold under conditional contract of sale, partial payment contract, or installment sales contract or property leased but may not cover motor vehicles designed for highway use. Such policies shall cover in transit but shall not extend beyond the termination of the

seller's or lessor's interest. This paragraph is not intended to include machinery and equipment under certain "lease-back" contracts.

(13) Garment contractors floaters.

(14) Furriers or fur storer's customer's policies, that is policies under which certificates or receipts are issued by furriers or fur storers, covering specified articles which are the property of the customers.

(15) Accounts receivable policies, valuable papers and records policies.

(16) Floor plan policies, covering property for sale while in the possession of dealers under a floor plan or any similar plan under which the dealer borrows money from a bank or lending institution with which to pay the manufacturer, provided all of the following apply:

1. Such merchandise is specifically identifiable as encumbered to the bank or lending institution.
2. The right of the dealer to sell or otherwise dispose of such merchandise is conditioned upon its being released from encumbrance by the bank or lending institution.
3. Such policies cover in transit and do not extend beyond the termination of the interest of the dealer. Such policies shall not cover automobiles or motor vehicles, merchandise for which the collateral of the dealer is the stock or inventory as distinguished from merchandise specifically identifiable as encumbered to the lending institution.

(17) Sign and street clock policies, covering neon signs, automatic or mechanical signs, and street clocks, while in use as such.

(18) Fine arts policies covering paintings, etchings, pictures, tapestries, art glass windows, and other *bona fide* works of art of rarity, historical value, or artistic merit for account of museums, galleries, universities, businesses, municipalities, and other similar interests.

(19) The following Policies covering property which, when sold to the ultimate purchaser, may be covered specifically by the owner under inland marine policies:

- a. Musical instrument dealers policies, covering property consisting principally of musical instruments and their accessories. Radios, televisions, record players, and combinations thereof are not deemed musical instruments.
- b. Camera dealers policies, covering property consisting principally of cameras and their accessories.

- c. Furrier's dealers policies, covering property consisting principally of furs and fur garments.
- d. Equipment dealers policies, covering mobile equipment consisting of binders, reapers, tractors, harvesters, harrows, tedders, and other similar agricultural equipment and accessories therefor; construction equipment consisting of bulldozers, road scrapers, tractors, compressors, pneumatic tools, and similar equipment and accessories therefor; but excluding motor vehicles designed for highway use.
- e. Stamp and coin dealers policies covering property of philatelic and numismatic nature.
- f. Jewelers' block policies.
- g. Fine arts dealers policies.

Such policies may include coverage of money in locked safes or vaults on the assured's premises. Such policies also may include coverage of furniture, fixtures, tools, machinery, patterns, molds, dies, and tenant insured's interest in improvements of buildings.

(20) Wool growers floaters.

(21) Domestic bulk liquids policies, covering tanks and domestic bulk liquids stored therein.

(22) Difference in conditions coverage excluding fire and extended coverage perils.

(23) Electronic data processing policies.

G. Comprehensive Marine Policy

A comprehensive marine policy may cover, under long established methods of insuring certain commodities such as sugar and tobacco, and any other goods or articles produced in Puerto Rico and exported up to an amount of no less than seventy-five percent (75%) of the total produced in the particular industry, provided that such policy covers transportation hazards and the insured pays a premium for such, and that any comprehensive marine policy covering sugar or tobacco shall be subject to the same requirements.

NOT PERMITTED AS MARITIME RISKS

Unless otherwise permitted, nothing set forth above shall be construed to permit marine or transportation policies to cover any of the following:

- (a) Storage of assured's merchandise, except as otherwise provided.
- (b) Merchandise in the course of manufacture, the property of and on the premises of the manufacturer.

(c) Furniture and fixtures and improvements and betterments to buildings.