



December 29, 2021

RULING LETTER NO. CN-2021-307-D

TO ALL COMPULSORY LIABILITY INSURANCE INSURERS WHO PARTICIPATE IN THE SELECTION FORM

PROVISIONAL PROCESS FOR EXTENDING COMPULSORY LIABILITY INSURANCE COVERAGE DURING THE PERIOD OF THE EXTENSION OF THE EFFECTIVE TERM OF MOTOR VEHICLE LICENSES AND STICKERS WITH AN EXPIRATION DATE OF JANUARY 2022.

Dear Sirs and Madams:

Due to the state of emergency on the Island that is a consequence of the COVID-19 pandemic, the Department of Transportation and Public Works (DTOP) has issued several resolutions to extend the terms of the effective dates and renewal of licenses and stickers, as well as other related procedures. As part of the measures taken by the DTOP, Resolution No. 2021-28 was issued to extend the effective term and the term for renewal of motor vehicle license and stickers that expire in January of 2022, until February 28, 2022.

Accordingly, the Office of the Commissioner of Insurance of Puerto Rico (OCI) hereby establishes the process to be followed by compulsory liability insurers that participate in the Selection Form to extend the continuity of coverage and process claims that may arise during this moratorium period as provided below:

1. The insurer that was providing compulsory liability insurance coverage as of January 31, 2022, will be the insurer that will provide the coverage for the insured vehicle until **February 28, 2022**. Therefore, all compulsory liability insurers will have the obligation to honor claims from the insureds that chose that insurer during the 2021-2022 cycle and whose licenses expire on January 31, 2022 during the extension period for licenses and stickers decreed by the DTOP in the aforementioned resolution.

In the event that the extension period for licenses and stickers decreed by the DTOP should extend beyond February 28, 2022, the same principle established herein for the vehicle licenses that expire on or after February 28, 2022 will be applied, while the extension of the term decreed by the DTOP is in effect.

2. The extension of coverage does **not** apply to vehicles that have compulsory liability insurance whose licenses expired on or before December 31, 2021, since such had expired before the extension of the effective term of licenses and stickers was granted.

3. Once the extension of the effective term decreed by the DTOP expires, the insureds whose renewal date for their vehicle licenses is within the extension period shall renew their stickers and pay the premium of the compulsory liability insurance to obtain insurance coverage until the next renewal date of the stickers. In these cases, when the insureds renew their vehicle licenses for the 2022-2023 period the effective date of the compulsory liability insurance will be retroactive to **February 1, 2022**. In the event that the effective term of the vehicle licenses is extended beyond February 28, 2022, the retroactive effective date of the compulsory liability insurance will be the first day of the month following the month when the vehicle license should have been renewed.
4. To ensure an efficient management of claims that may arise during the period of the extension of the term, those who choose to benefit from the extension will remain insured by the insurer that was selected for the 2021-2022 period upon renewing their stickers for the 2022-2023 period. In such cases, these persons may **not** use the “ Selection Form” to acquire the sticker for the 2022-2023 period, since in these cases, the compulsory liability insurance would be renewed **automatically** with the insurer that provided coverage in the 2021-2022 license period. In the event that due to error a person who has accepted the extension of the effective term uses “ Selection Form,” under those circumstances it will be deemed that the selection was not made, since there was an automatic renewal with the insurer that assumed the extension of coverage during the additional effective period decreed by the DTOP.
5. As the administrator of the compulsory liability insurance, the Joint Underwriting Association (acronym in Spanish, ASC) will act as a facilitator in the process of transferring the premiums paid by the insureds whose renewal dates for their vehicle licenses is within the period of the extension of the effective term granted by the DTOP. At the end of the extension of the effective term and when the insured duly renews the vehicle license, the ASC will transfer the premiums that it receives from the Authorized Entities for any vehicle that has benefited from the extension of the effective term to the insurer that provides the compulsory liability insurance that appears in its records as the insurer for such unit for the 2021-2022 license period.
6. In the case of a person who in spite of being subject to the period of the extension of the effective term decides to pay timely the renewal fee for the vehicle sticker and the premium using the Selection Form for the compulsory liability insurance, the selection will be honored, and the process established in this letter will not be applicable. That is to say, the procedure established in this Ruling Letter will only be applicable to those who decide to benefit from the extension of the effective term decreed by the DTOP.
7. If the vehicle was insured with an insurer that is no longer on the list of participating insurers on the compulsory liability insurance selection form, the vehicle had traditional liability insurance that expired before January 31, 2022 and was not renewed or there was any other situation in particular in which it was not possible to identify a specific insurer for the vehicle for the 2021-2022 cycle, it will be considered that the vehicle will be insured by the ASC. Consequently, the ASC will provide coverage for such vehicles for accidents that occur during the period of the extension of the coverage under the additional effective term decreed by the DTOP. When the insured renews the license, the compulsory liability insurance for the 2022-2023 period will be automatically renewed with the ASC.



8. In the cases in which the licenses of the insured expire within the period of the extension of the effective term and the person has a traditional liability policy with an insurer that participates in the compulsory liability Selection Form and that has been canceled before the expiration of the vehicle license, the insurer must provide coverage of the compulsory liability insurance during the extension of the effective term decreed by the DTOP, and must also honor any claims that arise during that period. When the insured renews the license, the compulsory liability insurance for the 2022-2023 period will be automatically renewed with that insurer and the ASC will transfer to that insurer the premium for the compulsory liability insurance for that period. In such situations, the ASC will not have the obligation to provide coverage during the period of the extension of the effective term nor the renewal for the 2022-2023 period.
9. If the license of the vehicle is not renewed within the extension period of coverage, the vehicle will be left without any coverage of the compulsory liability insurance the day following the end of the period of the extension of the effective term decreed by the DTOP.
10. The following will be considered an unfair practice:
 - a. Denial of coverage to an insured whose sticker expired on January 31, 2022 (or a later period if the extension of the effective term is after February 28, 2022) for not having paid the premium for the compulsory liability insurance for the 2022-2023 period while coverage is applicable due to the extension of the effective term decreed by the DTOP.
 - b. Refusing to pay claims for covered traffic accidents during the period of the extension, under the argument that a premium has not been received for the next effective period since the extension of the effective term decreed by the DTOP is in effect.
11. In the event that any insurer incurs in any of the practices identified in section ten (10) of this letter, this Office may impose the sanctions established in the Insurance Code of Puerto Rico and also prohibit the insurer from participating in the Selection Form for 2022-2023.

Strict compliance with these guidelines is hereby required.

Very truly yours,

SIGNED

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Commissioner of Insurance

