



GOVERNMENT OF PUERTO RICO
Office of the Commissioner of Insurance

September 28, 2022

RULING LETTER NO. CN-2022-322-D

TO ALL INSURERS PARTICIPATING IN COMPULSORY LIABILITY INSURANCE

PROVISIONAL PROCESS FOR THE EXTENSION OF COVERAGE OF COMPULSORY LIABILITY INSURANCE (ACRONYM IN SPANISH, SRO) DURING THE MORATORIUM PERIOD ESTABLISHED AS A CONSEQUENCE OF THE STATE OF EMERGENCY DUE TO HURRICANE FIONA

Dear Sirs and Madams:

On September 17, 2022, the Governor of Puerto Rico, the Honorable Pedro R. Pierluisi-Urrutia, issued an Executive Order (Administrative Bulletin Number OE-2022-045), declaring a state of emergency as a consequence of the then notice of tropical storm for Puerto Rico by the National Hurricane Center. As a result of the state of emergency on the Island after Hurricane Fiona hit Puerto Rico, some of the facilities of the Driver Services Centers (“CESCO”) are still closed or their operations have been affected. In view of this, the Secretary of the Department of Transportation and Public Works (DTOP), Eileen M. Vélez-Vega, issued Resolution No. 2022-32, extending the effect of motor vehicle registrations and registration stickers that expired on September 30, 2022, until October 31, 2022.

Accordingly, the Office of the Commissioner of Insurance of Puerto Rico (OCI) hereby establishes the provisional process to be followed by insurers that provide compulsory liability insurance to extend the continuity of coverage and process claims that arise during this extended term, as provided below:

1. Compulsory liability insurance providers that were providing coverage up to September 30, 2022 for vehicles to which the extended term is applicable, shall be the insurers that provide coverage for the insured vehicle during the moratorium, that is to say, until October 31, 2022. Therefore, all compulsory liability insurance providers will be obligated to honor claims by the insureds that chose that insurer during the 2021-2022 period, if the vehicles have a registration sticker in effect within the time period of the extended coverage.

In the event that the period time of the moratorium declared due to the declaration of the state of emergency extends beyond October 31, 2022, the same principle established herein will be maintained for as long as the moratorium continues regarding the effect of the registration.



2. The extension of coverage provided in this Letter does **not** apply to vehicles insured under compulsory liability insurance whose registration expired on August 31, 2022 or at an earlier date, since those registration stickers had already expired before the extension of the term was granted under the moratorium.
3. Once the extended term provided for herein has ended, the insureds for whom the renewal dates of their vehicle registrations are within the extended term must renew their registration stickers and pay the compulsory liability insurance premium in order to have insurance coverage until the date of the next renewal of the registration sticker. In these cases, when the insured renews the motor vehicle registration sticker for the 2022-2023 period, the effective date of the compulsory liability insurance will be retroactive to October 1, 2022. If the effective term of vehicle registrations is extended beyond October 31, 2022, the retroactive effective date of the compulsory liability insurance will be the first day of the month following the date of the end of the extended term.

If the consumer decides not to renew the registration sticker of the vehicle within the extended term, that is to say, on or before October 31, 2022, the vehicle will automatically be left without SRO coverage as of November 1, 2022, or the date that may be set if the effective date of the stickers is extended.

4. With a view to ensuring the most efficient management of claims made during the extended term, once the extended term has ended for the insureds whose renewal date for their vehicle registration fell within that period, these will be insured by the insurer that was selected on the "Selection Form" for the 2021-2022 period, since in these cases, the compulsory liability insurance will be renewed **automatically** with the insurer that provided coverage during the extended coverage period. If by mistake a Selection Form has been used under these circumstances, the selection that was made will be disregarded, since there is an automatic renewal because the insurer assumed the risk during the extended term pursuant to the moratorium.
5. As the administrator of the compulsory liability insurance, ASC will facilitate the process of transferring premiums paid by the insureds whose renewal date for their vehicle registration falls within the extended term granted under the moratorium. Once the extended term ends and the insured timely renews the vehicle registration, ASC will transfer the premiums received from Authorized Entities for vehicles that benefited from the extension, to the compulsory liability insurance provided shown in its records as the insurer of that unit for the 2021-2022 registration period.
6. In the event that an insured, in spite of being subject to the extended term, should decide to pay the renewal of the registration sticker for the insured's vehicle and premium utilizing the SRO Selection Form, the selection made will be honored, and the procedure established herein will not be applicable. Therefore, the moratorium will only be applicable to vehicles with an expiration date of September 30, 2022, that as of October 1, 2022, have not had their registration stickers renewed, and consequently for which the compulsory liability insurance has not been paid as of that date.

7. For drivers whose vehicles were insured by insurers that no longer participate in the Selection Form, or who have traditional liability insurance that expired under their respective terms (non-renewal) before September 30, 2022, or if there are particular situations in which it was not possible to identify a given insurer for the vehicle during the 2021-2022 period, it will be deemed that those vehicles will be insured by ASC. In view of the above, ASC will provide coverage for those vehicles for accidents that have occurred during the extended term due to the moratorium. This provision will not be applicable to vehicles that are considered to be insured by traditional insurers as provided in Ruling Letter CN-2022-318D, in which grace periods were granted for payment of the premiums and cancelation of the insurance policy was prohibited under certain circumstances.
8. The following will be considered unfair practices:
 - a. Denying coverage for an insured whose registration sticker expired on September 30, 2022 (or a subsequent period if the moratorium date is extended) for not having paid the premium for the compulsory liability insurance for the 2022-2023 period, if the traffic accident occurred during the period of time in which the extension of coverage by reason of the moratorium was applicable.
 - b. Refusing to pay claims for covered traffic accidents in the extended period arguing that the premium had not been received for the next period since the extended term was in effect due to the moratorium.
9. If an insurer engages in any of the practices set forth in the above section (7) of this letter, this Office may impose the sanctions established in the Insurance Code of Puerto Rico.

Strict compliance with the guidelines set forth herein is hereby required.

Very truly yours,

SIGNED

Alexander S. Adams-Vega, Esq.
Commissioner of Insurance of Puerto Rico