

August 1, 2023

RULING LETTER NO. CN-2023-338-D

TO PARTICIPATING COMPULSORY LIABILITY INSURANCE INSURERS

EXTENSION OF COVERAGE OF COMPULSORY LIABILITY INSURANCE (SRO) DURING THE EXTENSION PERIOD FOR MOTOR VEHICLE LICENSES AND THEIR STICKERS AS PROVIDED IN RESOLUTION NO. 2023-15 DATED JULY 31, 2023 OF THE DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS OF P.R.

To Whom It May Concern:

On July 31, 2023, the Secretary of the Department of Transportation and Public Works (DTOP), Ms. Eileen M. Vélez-Vega, found it necessary to issue Resolution No. 2023-15, by which an extension was provided for the effective term and renewal of motor vehicle licenses and the corresponding stickers that expired in the month of July 2023, until August 31, 2023. This was done to address technical problems with the AutoExpreso system.

Accordingly, the Office of the Commissioner of Insurance of Puerto Rico (OCI), hereby establishes the provisional process to be followed by SRO insurers to extend the continuity of coverage and process claims that may arise during this extended period of the effective date of motor vehicle licenses and their stickers, as follows:

1. The SRO insurer that was providing coverage as of July 31, 2023, for vehicles to which the extended coverage period is applicable will be the insurer to provide coverage for the insured vehicle during the extended period as provided, that is to say, up to August 31, 2023. Therefore, all SRO insurers will have the obligation to honor claims of the insured who chose that insurer for the 2022-2023 period, if the claims are related to vehicles whose stickers have the effective date to which the extension of coverage is applicable.
2. The extension of coverage set forth in this Letter is not applicable to vehicles insured under compulsory liability insurance whose licensees expired on June 30, 2023, or on a previous date, since such stickers expired before the extension was granted for the effective date and renewal of the motor vehicle licenses and the respective stickers.
3. Upon the expiration of the extension set forth herein, the insured whose renewal date for the licenses of their vehicles is within the extension period must renew their stickers and pay the premium for the compulsory liability insurance to have insurance coverage up to the date of the next renewal of their stickers. In these cases, when the insured renews the motor vehicle license for the 2023-2024 period, the effective date of the compulsory liability insurance will be retroactive to August 1, 2023.

If a consumer decides not to renew the sticker for the vehicle within the extension period, that is to say, on or before August 31, 2023, the consumer automatically will be left without the SRO coverage as of September 1, 2023.

4. In order to ensure an efficient management of claims that may arise during the extension period of the effective date and renewal of stickers, the insureds for whom the renewal date of their vehicle licenses fall within that period, will remain insured by the insurer that was selected on the Selection Form for the 2022-2023 period, since, in such cases, the compulsory liability insurance will be automatically renewed with the insurer that provided coverage in the extension period for coverage. In the event that a Selection Form was used by error, it will be deemed that no selection was made since it is an automatic renewal because the insurer assumed the risk during the of extension period provided in Resolution No. 2023-15 of the DTOP.

5. As administrator of the compulsory liability insurance, ASC will facilitate the process of transferring premiums that were paid by insureds whose renewal date for their vehicle licenses falls within the period established by Resolution No. 2023-15 of the DTOP. When the extension has ended and the insured timely renews the vehicle license, the ASC will transfer the premiums that were received for the Authorized Entities that are for vehicles that benefited from the extension to the SRO insurer shown in the record as the insurer for that vehicle during the 2022-2023 license period.

6. If any insured, who in spite of being subject to the extension period should decide to timely pay for the renewal of the sticker for the insured's vehicle and the premium by using the SRO Selection Form, the selection that was made will be honored, and the process established herein will not be applicable. Therefore, the extension will only apply to vehicles with an expiration date of July 31, 2023, and which, as of August 1, 2023, for which the sticker has not yet been renewed and consequently for which the compulsory liability insurance has not been paid as of that date.

7. For drivers who have vehicles that are insured with traditional liability insurance that expired on their own terms (not renewed) before August 31, 2023, or if there are particular situations in which it is not possible to identify a specific insurer for the vehicle during the 2022-2023 period, it will be understood that such vehicles will be insured by ASC during the extension period provided in Resolution 2023-15 of the DTOP. In view of this, ASC will provide coverage for such vehicles for accidents that may occur during the extension period provided under Resolution 2023-15 of the DTOP.

8. The following will be considered unfair practices:

a. Denial of coverage for an insured whose sticker expired on July 31, 2023 (or a subsequent period if the effective date and renewal were extended), because of the failure to pay the premium for compulsory liability insurance for the 2023-2024 period, if the traffic accident occurred during the period of time in which the extension of coverage was applicable due to the extension of the effective period and renewal of motor vehicle licenses and stickers provided by the DTOP.

b. Failure to pay claims for traffic accidents covered in the extension period under the argument that premium had not been received for the next effective period due to the extension under the moratorium was in effect.

9. In the event that an insurer should engage in any of the practices identified in paragraph eight (8) of this Letter, this Office may impose sanctions as provided in the Insurance Code of Puerto Rico.

Strict compliance with the guidelines set forth herein is required.

Very truly yours,

SIGNED

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