

September 5, 2023

RULING LETTER NO. CN-2023-340-D

TO ALL INSURERS THAT PARTICIPATE IN COMPULSORY AUTO LIABILITY INSURANCE

EXTENSION OF COVERAGE OF THE COMPULSORY AUTO LIABILITY INSURANCE DURING THE EXTENDED PERIOD FOR PROCESSING MOTOR VEHICLE REGISTRATION AND RENEWAL OF REGISTRATION AND THE RESPECTIVE TAGS AS PROVIDED IN RESOLUTION NO. 2023-20 OF THE DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS OF P.R. DATED SEPTEMBER 1, 2023

To Whom It May Concern:

On September 1, 2023, the Secretary of the Department of Transportation and Public Works (DTOP), Ms. Eileen M. Vélez-Vega, issued Resolution No. 2023-20 to extend the effect and renewal of motor vehicle registration and the respective tags that expired in the month of August 2023.

Accordingly, the Office of the Commissioner of Insurance of Puerto Rico (OCI), hereby establishes the provisional process to be followed by compulsory liability insurers to extend the continuity of coverage and process such claims as may arise during this extended effective period for motor vehicle registration and their respective tags, as provided below:

1. Any insurer providing compulsory liability insurance that was providing coverage as of August 31, 2023 for vehicles to which the extended effect is applicable shall be the insurer that provides the coverage for the insured vehicle during the period of the extension granted herein, that is to say, until September 16, 2023. Therefore, all compulsory liability insurers must honor the claims of the insureds that chose that insurer during the 2022-2023 period, in the case of vehicles whose registration tags were in effect within the period to which the extended coverage applies. The extension provided in this Ruling Letter does not apply to vehicles to which the extension granted in Ruling Letter No. CN 2023-338-D was applied.

In the event that the extension period for vehicle registration and the respective tags as provided in Resolution No. 2023-20 of the DTOP should extend beyond September 16, 2023, the same principle established herein will be applied for vehicle registrations that expire on or after September 16, 2023, as may be provided by the DTOP.

2. The extended coverage provided in this letter will not be applicable to the vehicles insured under compulsory liability insurance whose registration expired before

August 31, 2023 since the registration were already expired before the extension was granted for the registration and renewal of registration of motor vehicles and their respective tags.

3. Once the extension granted herein has ended, the insureds whose vehicle registration renewal date falls within the extended period must renew their tags and pay the compulsory liability insurance premium to obtain insurance coverage until the next renewal date of the tag. In these cases, when the insured renews the motor vehicle registration for the 2023-2024 period, the effective date of the compulsory liability insurance will be retroactive to September 1, 2023. If the effective date of registration and the respective tags is beyond September 16, 2023, the retroactivity of the effective date of the compulsory liability insurance will depend on such extension as may be granted by the DTOP.

If the consumer decides not to renew the registration tag within the extended period, that is to say, on or before September 16, 2023, the consumer will automatically be left without SRO coverage as of September 17, 2023, or on the date that may be established in the event that the DTOP extends the effect of the tags.

4. In order to guarantee the efficient handling of claims that may arise during the extended period of the effect and renewal of the tags, once such extended period ends, the insureds whose registration renewal is within such period will remain covered 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 extended period of coverage. In those cases, the "Selection Form" may not be used to acquire the tag for the 2023-2024 period. If by mistake a "Selection Form" has been used, whether in a paper or electronic format, it will be deemed that the selection was not made since it was an automatic renewal due to the fact that the insurer assumed the risk during the extended period granted in DTOP Resolution No. 2023-20.

5. As the administrator of the compulsory liability insurance, the Compulsory Insurance Association, known as "the ASC", will act as a facilitator in the process of transferring premiums paid by the insureds for whom the registration renewal date for their vehicles falls within the extended period granted under Resolution No. 2023-20 of the DTOP. When the extended period has concluded and the insured renews the registration of the vehicle in a timely manner, the ASC will transfer the premiums received from the Authorized Entities for vehicles that benefit from the extension to the compulsory liability insurer shown in the ASC records as the insurer for that vehicle during the 2022-2023 registration period.

- a. If an insured, despite being subject to the extended period should decide to pay the renewal fee for the vehicle tag and the premium in a timely manner using the SRO Selection Form, the selection made by the consumer will be honored, and the process established herein will not be

applied. Therefore, the extended term will only be applied to those vehicles with an original expiration date of August 31, 2023 and for which as of September 1, 2023, the tag has not yet been renewed and consequently for which the compulsory liability insurance has not been paid as of that date, as provided in this Letter.

6. In the case of drivers that have vehicles that are insured under traditional liability insurance that expired within their own terms (not renewed) before August 31, 2023, if the vehicle was insured by an insurer that was not listed as a participating insurer on the SRO Selection Form, or if there is any other situation due to which it were not possible to identify an insurer for the vehicle for the 2022-2023 period, it will be deemed that such vehicles are insured by the ASC during the extension period provided in DTOP Resolution 2023-20. Accordingly, the ASC will provide coverage for such vehicles for accidents that may occur during the extended period granted under DTOP Resolution 2023-20. When the insured renews the registration, the SRO for the 2023-2024 period will automatically be renewed with the ASC.

7. In the case of insureds for whom the registration expires within the extension period and who have a traditional liability insurance policy with an insurer that participates in the SRO "Selection Form" which was canceled before the expiration of the vehicle registration, the insurer shall provide SRO coverage during the extended term decreed by the DTOP, and the insurer must also honor the claims that may arise during that period. When the insured renews the registration, the SRO for the 2023-2024 period will automatically be renewed with that insurer and the ASC will transfer the SRO premium for the period to that insurer. In such cases, the ASC will not provide coverage during the extended period nor for the 2023-2024 period.

8. If the motor vehicle registration is not renewed within the extended period of coverage, the vehicle will be left without SRO coverage the day after the extended period of coverage decreed by the DTOP ends.

9. The following are considered unfair practices:

a. Denying coverage for an insured whose tag expired on August 31, 2023 (or a subsequent period if the effective and renewal terms are extended), for not having paid the compulsory liability insurance premium for the 2023-2024 period, if the traffic accident occurred during the time in which the extension of coverage was applicable for the effect and renewal of registration for motor vehicles and tags as provided by the DTOP.

b. Refusing to pay claims arising from traffic accidents covered in the extended period under the premise that the premium had not been received for the next period because of the extended term under the moratorium.

10. In the event that any insurer engages in any of the unfair practices identified in this letter, this Office may impose the sanctions established in the Puerto Rico Insurance Code.

Strict compliance with the guidelines stated herein is hereby required.

Very truly yours,

SIGNED

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