

August 8, 2024

RULING LETTER NO. CN-2024-359-D

TO ALL INSURERS THAT PARTICIPATE IN COMPULSORY LIABILITY INSURANCE (SRO)

EXTENSION OF COVERAGE OF COMPULSORY LIABILITY INSURANCE DURING THE EXTENDED TERM OF EFFECT AND RENEWAL OF MOTOR VEHICLE REGISTRATION AND THEIR STICKERS AS PROVIDED IN RESOLUTION NO. 2024-18 DATED AUGUST 8, 2024 OF THE DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS OF P.R.

To Whom It May Concern:

On August 8, 2024, the Secretary of the Department of Transportation and Public Works (DTOP), Ms. Eileen M. Vélez-Vega, found it necessary to issue Resolution No. 2024-18, extending the effect and renewal of motor vehicle registration and their stickers with expiration dates in July 2024 until **August 31, 2024**. This is due to technical problems with the AutoExpreso system.

In the Resolution, the DTOP states that for consumers to do this quickly and effectively and in the interest of not affecting the necessary procedures for the renewal of motor vehicle registrations and their stickers, it will be necessary to extend the effective and renewal terms of motor vehicle registration and their stickers with expiration dates in July 2024. Therefore, through Resolution No. 2024-18, the DTOP extended the effective and renewal term of motor vehicle registration and their stickers with expiration dates in July 2024 until August 31, 2024.

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

1. For compulsory liability insurers providing coverage **as of July 31, 2024**, for vehicles to which the extended effective term applies, the insurer will provide coverage for the insured vehicle during the extended period as provided, that is to say, until **August 31, 2024**. Therefore, all compulsory liability insurers have the obligation to honor the claims of the insureds that chose that insurer during the 2023-2024 period, as though such vehicles had stickers in effect within the period in which the extension of coverage applies.

In the event that the extended effective period of the registration and stickers as provided in DTOP Resolution 2024-18 should be further extended beyond August 31, 2024, the same principle established here will apply for the registration of vehicles that expire in August 2024, as may be provided by the DTOP.

2. The extension of coverage that is provided in this Letter does not apply to the vehicles insured under compulsory liability insurance whose expiration was prior to July 1, 2024, since their stickers had already expired before they were granted an extension of the effect and renewal of the motor vehicle registration and their stickers.

3. Upon the expiration of the term set forth herein, the insureds for whom the renewal date of their vehicle registration is within the extended period must renew their stickers and pay the premium for the compulsory liability insurance to have insurance coverage until the date of the next renewal of their stickers. In these cases, when the insured renews the motor vehicle registration for 2024-2025, the effective date of the compulsory liability insurance will be retroactive to July 1, 2024. In the event the effect of vehicle registration and stickers is extended beyond August 31, 2024, the retroactivity of the effective date of the compulsory liability insurance will depend on the extension that the DTOP may establish.

If a consumer decides not to renew the registration sticker of the vehicle within the extended period, that is to say, on or before August 31, 2024, the consumer will automatically be left without SRO coverage as of September 1, 2024, or the date that may be set in the event the DTOP further extends the effect of the stickers.

4. To ensure the efficient handling of the claims that may arise during the extended term of the effect and renewal of the sticker, upon the conclusion of this term, the insureds for whom the date of renewal of their vehicle registration falls within the extended period will remain insured by the insurer that was selected on the Selection Form for 2023-2024, since in these cases, the compulsory liability insurance will be automatically renewed with the insurer that provided coverage during the of extended period of coverage. In these cases, the "Selection Form," whether on paper or in an electronic format, may not be used, and it will be deemed that the selection was not made because it is an automatic renewal due to the fact that the insurer assumed the risk during the extended period provided under DTOP Resolution 2024-18.

5. As 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 date for their vehicle registration falls within the extended period provided in DTOP Resolution No. 2024-18. Once the extended period ends and the insured has timely renewed the vehicle registration, the ASC will transfer the premiums it receives from the respective Authorized Entities for the vehicles benefited by the extension to the compulsory liability insurance insurer that appears in its records as the insurer for that vehicle during the 2024-2025 registration period.

If an insured, despite being subject to the extension, decides to complete in a timely manner the process of paying the renewal fees for the sticker of the vehicle and the premium using the “Selection Form,” whether on paper or an electronic format, the selection that is made will be honored, and the process established herein will not apply. Therefore, the extension will only apply to vehicles with an original expiration date of July 31, 2024, whose stickers have not been renewed as of September 1, 2024, so consequently, the compulsory liability insurance has not been paid as of that date, as provided in this Letter.

6. For drivers whose vehicles are insured under traditional liability insurance that expired under their own terms (nonrenewal) before July 31, 2024, or if there is any other particular situation in which it is not possible to identify a specific insurer for the vehicle during the 2023-2024 period, it will be understood that the ASC will insure those vehicles during the extended period provided in DTOP Resolution 2024-18 or the period that the DTOP may extend in this matter. In this case, the ASC will provide coverage for such vehicles for accidents that may occur during the extended period of the terms under the DTOP Resolution 2024-18 or any extension that may be provided. When the insured renews the registration, the compulsory liability insurance (SRO) for the 2024-2025 period will automatically be renewed with the ASC.

7. For insureds whose registration expires within the extended effective period and who have a traditional liability policy with an insurer that participates in the SRO “Selection Form,” which was canceled before the expiration date of the vehicle registration, that insurer shall provide SRO coverage during the extended effective period decreed by the DTOP and will also honor the claims that may arise during that period. When the insured renews the registration, the SRO for the 2024-2025 period will automatically be renewed with that insurer, and the ASC will transfer to that insurer the SRO premium for that period. In such situations, the ASC will not have the obligation to provide coverage during the extended effective period nor the renewal for the 2024-2025 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 end of the extended effective period decreed by the DTOP.

9. The following constitute unfair practices:

a. Denying coverage to an insured whose sticker expired on July 31, 2024 (or a subsequent period if the term of effect and renewal is extended), for not having paid the premium of the compulsory liability insurance for the 2024-2025 period if the traffic accident occurred during the period in which the extension of coverage applied due to the extension of the term of effect and renewal of motor vehicle registration and stickers as provided by the DTOP.

b. Refusing to pay claims for traffic accidents covered in the extension under the argument that the premium for the next effective period had not been received because the extended term under DTOP Resolution 2024-18 was in effect.

10. In the event that any insurer should incur in any of the practices indicated in paragraph (9) of this Letter, this Office may impose the sanctions provided 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