

January 1, 2025

RULING LETTER NO. CN-2025-366-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. 2024-31 DATED DECEMBER 31, 2024, OF THE DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS OF P.R.

To Whom It May Concern:

On December 31, 2024, the Secretary of the Department of Transportation and Public Works (DTOP), Ms. Eileen M. Vélez-Vega, found it necessary to issue Resolution No. 2024-31 to, among other things, extend the term of effect and renewal of motor vehicle registration and their stickers with expiration dates in December 2024 until January 15, 2025.

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 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 December 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 January 15, 2025. Therefore, all compulsory liability insurers have an 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 No. 2024-31 should be further extended beyond January 15, 2025, the same principle established here will apply to the registration of vehicles that expire on or after January 15, 2025, 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 registration expired prior to December 31, 2024, since their stickers had already expired before an extension of the term of effect and renewal of the motor vehicle registration and their stickers was granted.

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 January 1, 2025, depending on the original expiration date. In the event the effect of the vehicle registration and stickers is extended beyond January 15, 2025, 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 January 15, 2025, the consumer will automatically be left without SRO coverage as of January 16, 2025, 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” may not be used to obtain a sticker for the 2024-2025 period. In the event a “Selection Form,” whether in paper or electronic format, was mistakenly used under those circumstances, 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 No. 2024-31.
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. 2024-31. 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 2023-2024 registration period.
 - a. 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 of the SRO, 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 December 31, 2024, whose stickers have not been renewed as of January 1, 2025, 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 December 31, 2024, or whose vehicles are insured by an insurer that is no longer a participant of the SRO Selection Form 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 2024-31. 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 2024-31. 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 insurance 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 provided 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 provided by the DTOP.
9. The following constitute unfair practices:
 - a. Denying coverage to an insured whose sticker expired on December 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 period based on the argument that the premium for the next effective period had not been received because the extended term 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