

(H. B. 1585)  
(Reconsidered)

**(No. 200)**

(Approved September 14, 2006)

## **AN ACT**

To add a new subsection (n) to Section 6 of Act No. 253 of December 27, 1995, as amended, in order to direct the Department of the Treasury, the Department of Transportation and Public Works, and the Joint Underwriting Association of the Compulsory Motor Vehicle Liability Insurance to establish an identification mechanism through which the Department of the Treasury and the Department of Transportation and Public Works shall provide to the Association a monthly digital list of consumers or insured persons who pay the compulsory liability insurance upon the payment of their license sticker.

## **STATEMENT OF MOTIVES**

The Joint Compulsory Liability Insurance Underwriting Association, hereinafter the ASC (Spanish acronym), was created by Act No. 253 of December 27, 1995, as amended, as part of the scheme created by the Government of Puerto Rico for the adoption of a compulsory motor vehicle liability insurance system. The purpose behind the creation of the ASC was to provide compulsory liability insurance to applicants who have been rejected by private insurers. However, the mechanism provided by law for the collection of premiums has caused that owners of motor vehicles who have not taken steps to obtain said insurance from private insurers be automatically insured by the Association.

At present, the Association is the only insurer that does not know the identity of its insured. As a consequence, at the time a claim for an automobile accident is filed, the Association is forced to determine by inference whether the claimant and/or originator has compulsory liability insurance coverage. This aspect complicates the claims process unnecessarily. On the other hand, contrary

to consumers with traditional policies, persons with the compulsory liability insurance do not receive a policy, since their identity is unknown, such a process is impossible and the process of reimbursement of premiums paid twice by the consumers is difficult and sometimes inefficient in terms of processes and time.

The objective of this Act is to the sole effect of establishing an identification mechanism through the issuing of a monthly digital list of consumers that pay the compulsory liability insurance with the payment of their license sticker. To such effect, a new subsection designated as subsection (n) is hereby added to Section 6. Subsection (c) of Section 6 is not object of analysis under this bill, its inclusion does not have the effect of analyzing, amending or stating an opinion thereto.

This Legislature deems it pertinent to direct the Department of the Treasury, the Department of Transportation and Public Works and the Joint Compulsory Liability Insurance Underwriting Association to establish a mechanism for identification through which the Department of the Treasury and the Department of Transportation and Public Works shall provide to the Association a monthly digital list of consumers that pay the compulsory liability insurance upon the payment of their license sticker. All this is entirely in the interest of offering better protection and service to Puerto Rican consumers.

**BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:**

Section 1.- Subsection (n) is hereby added to Section 6 of Act No. 253 of December 27, 1995, as amended, to read as follows:

- “(c) The Joint Underwriting Association shall receive the total amount of the compulsory liability insurance premiums from the Secretary of the Treasury for its eventual distribution between private insurers and the Joint Underwriting Association itself, as proper. The administrative and operating expenses of the Joint Underwriting Association shall be charged to the amount received from the premiums which

corresponds to it pursuant to this distribution. The Commissioner shall provide through regulations the manner and form in which the distribution of the total amount of the premiums received by the Joint Underwriting Association from the Secretary of the Treasury shall be carried out.

The Secretary of the Treasury shall deduct from the funds or premiums transferred to the Association an amount for the collection service performed in favor of the latter based on a percentage of the total premiums forwarded. The percentage to be retained for such service shall depend on the net income from all the sources of the income received by the Association. This calculation is based on the net income of the previous tax year, which shall be adjusted when the certified financial statement is issued, which must be presented no later than September 30. This charge for collections service does not constitute a tax on the premiums.

If the net income from all its sources is: The service charge shall be:

Negative (loss)	2%
Not more than \$5,000,000	2%
In excess of \$5,000,000, but less than \$12,000,000	3%
In excess of \$12,000,000, but less than \$20,000,000	4%
In excess of \$20,000,000	5%

- (n) (1) The Secretary of the Treasury shall provide the Association with a monthly digital list of all license stickers acquired for purposes of identification, of consumers or insured persons who upon purchasing their license sticker pay for the compulsory motor vehicle liability insurance in the Internal Revenue Collect Offices, financial institutions and Official Inspection Stations, if applicable to the latter.

Said list shall contain the name and address of the insured, and the motor vehicle identification number (VIN number), license sticker number, date of payment, date of expiration, and license plate number. The Department of Transportation and Public Works shall be responsible for providing to the Department of the Treasury a monthly digital list with the name and address of the insured and the motor vehicle identification number (VIN number), so that the Department of the Treasury may provide all the required information to the Association and vice versa.

- (2) In the case of the license stickers acquired by consumers or insured persons through Official Inspection Stations, the Department of Transportation and Public Works shall provide to the Association a monthly digital list with the name and address of the insured, the motor vehicle identification number (VIN number), license sticker number, date of payment, date of expiration, and license plate number, as well as any information pertaining to the insured received from the Department of the Treasury.

...”

Section 2.- This Act shall take effect one hundred eighty (180) days after its approval.

## CERTIFICATION

I hereby certify to the Secretary of State that the following Act No. 200 (H.B. 1585) (Reconsidered) of the 4<sup>th</sup> Session of the 15<sup>th</sup> Legislature of Puerto Rico:

**AN ACT** to add a new subsection (n) to Section 6 of Act No. 253 of December 27, 1995, as amended, in order to direct the Department of the Treasury, the Department of Transportation and Public Works, and the Joint Underwriting Association of the Compulsory Motor Vehicle Liability Insurance to establish an identification mechanism through which the Department of the Treasury and the Department of Transportation and Public Works shall provide to the Association a monthly digital list of consumers or insured persons who pay the compulsory liability insurance upon the payment of their license sticker,

has been translated from Spanish to English and that the English version is correct.

In San Juan, Puerto Rico, today 15<sup>th</sup> of October of 2007.

Francisco J. Domenech  
Director