

AMENDMENT TO THE REGULATION
OF THE INSURANCE CODE OF PUERTO RICO

No. 2788
Date: October 7, 1977 P. R. O. M.

Approved: Reinaldo Panlagua Diaz
Secretary of State

By: Louise L. Pedraza
Assistant Secretary of State

Section 1. - By virtue of the provisions of Section 2.01 of Act. 77 of June 19, 1957, as amended, I hereby give notice to the insurance industry, the insurance consumer, and to the general public that Rule XXVII of Regulation of the Insurance Code of Puerto Rico, has been amended as follows:

RULE XXVII

DEFINITION OF MARINE INSURANCE

Legal Authority: Section 4.050
(Amended on December 13, 1960; and on
September 7, 1977)

Marine and/or Transportation policies may cover under the following conditions:

OCEAN MARINE

A. Imports

(1) Imports on consignment may be covered wherever the property may be and without restriction as to time, provided the coverage of the issuing companies includes hazards of transportation.

A shipment "on consignment" shall mean property consigned and instructed to a factor or agent to be held in his care, or under his control for sale for account of another or for exhibit or trial or approval or auction, and if not disposed of, to be returned.

(2) Imports not on consignment in such places of storage as are usually employed by importers, provided the coverage of the issuing companies includes hazards of transportation.

Such policies may also include the same coverage in respect to property purchased on C. I. F. terms or spot purchases for inclusion with or in substitution for bona fide importations.

An import, as a proper subject of Marine or Transportation insurance, shall be deemed to maintain its character as such as long as the property remains segregated in the original form or package in such a way that it can be identified and has not become incorporated and mixed with the general mass of property in Puerto Rico, and shall be deemed to have been completed when such property has been.

(a) Sold and delivered by the importer, factor or consignee, or

(b) Removed from place of storage as described in paragraph "2" above and placed on sale as part of importer's stock in trade at a point of sale distribution; or

(c) Delivered for manufacture, processing or change in form to premises of the importer or of another used for any such purposes.

B. Exports

(1) Exports may be covered wherever the property may be without restriction as to time, provided the coverage of the issuing companies includes hazards of transportation.

An export, as a proper subject of Marine or Transportation insurance, shall be deemed to acquire its character as such when

designated or while being prepared for export and retain that character unless diverted for domestic trade, and when so diverted, the provisions of this ruling respecting domestic shipments shall apply, provided, however, that this provision shall not apply to long established methods of insuring certain commodities, e, g., cotton.

INLAND MARINE

C. Domestic Shipments

(1) Domestic shipments of consignment, provided the coverage of the issuing companies includes hazards of transportation.

(a) Property shipped on consignment for sale or distribution, while in transit and not exceeding 120 days after arrival at consignee's premises or other place of storage or deposit; and

(b) Property shipped on consignment for exhibit, or trial, or approval or auction, while in transit, while in the custody of others and while being returned.

(2) Domestic shipments not on consignment, provided the coverage of the issuing companies includes hazards of transportation, beginning and ending within Puerto Rico, provided that such shipments shall not be covered at manufacturing premises nor after arrival at premises owned, leased or operated by insured or purchaser, nor for more than 90 days at other place of storage or deposit, except in premises on transportation companies or freight forwarders, when such storage is incident to transportation.

D. Bridges, tunnels and other instrumentalities of transportation and communication (Excluding buildings, their furniture and furnishings, fixed contents, and supplies held in storage).

The foregoing includes:

(1) Bridges, tunnels, other similar instrumentalities, including auxiliary facilities and equipment attendant thereto.

(2) Piers, wharves, docks, slips, dry docks and marine railways.

(3) Pipelines, including on-line propulsion, regulating and other equipment appurtenant to such pipelines, but excluding all property at manufacturing, producing, refining, converting, treating or conditioning plants.

(4) Power transmission and telephone and telegraph lines, excluding all property at generating, converting, or transforming stations, substations and exchanges.

(5) Radio and television communication equipment in use as such including towers and antennae with auxiliary equipment, and appurtenant electrical operating and control apparatus.

(6) Outdoor cranes, loading bridges and similar equipment used to load, unload and transport.

E. Personal Property Floater Risks covering individuals and/or generally

1. Personal Effects Floater Policies
2. The Personal Property Floater
3. Government Service Floaters
4. Personal Fur Floaters
5. Personal Jewelry Floaters.

6. Wedding Present Floaters for not exceeding 90 (days after the date of the wedding.
 7. Silverware Floaters
 8. Fine Arts Floaters covering paintings, etchings, pictures, tapestries, art glass windows, and other bonafide works of art of rarity, historical value or artistic merit.
 9. Stamp and Coin Floaters
 10. Musical Instrument Floaters. radios, televisions, record players and combination thereof are not deemed musical instruments.
 11. Mobile Articles, Machinery and Equipment Floaters (Excluding motor vehicles designed for highway use and auto homes, trailers and semi-trailers except when hauled by tractors not designed for highway use) covering identified property of a mobile or floating nature pertaining to or usual to a household. Such policies shall not cover furniture and fixtures not customarily used away from premises where such property is usually kept.
 12. Installment Sales and Leased Property Policies covering property pertaining to a household and sold under conditional contract of sale, partial payment contract or installment sales contract or leased, but excluding motor vehicles designed for highway use. Such policies must cover in transit but shall not extend beyond the termination of the seller's or lessor's interest.
 13. Live Animal Floaters.
- F. Commercial Property Floater Risks covering property pertaining to a business, profession or occupation
1. Radium Floaters.
 2. Physicians' and Surgeons' Instrument Floaters. Such policies may include coverage of such furniture, fixtures and tenant Assured's interest in such improvements and betterments of buildings as are located in that portion of the premises occupied by the assured in the practice of his profession.
 3. Pattern and Die Floaters.
 4. Theatrical Floaters, excluding buildings and their improvements and betterments, and furniture and fixtures that do not travel about with theatrical troupes.
 5. Film Floaters, including builders' risk during the production and coverage on completed negatives and positives and sound records.
 6. Salesmen's Samples Floaters.
 7. Exhibition Policies on property while on exhibition and in transit to or from such exhibitions.
 8. Live Animal Floaters.
 9. Builders' Risks and/or Installation Risks covering interest of owner, seller or contractor, against loss or damage to machinery, equipment, building materials, or supplies, being used with and during the course of installation, testing, building, renovating or repairing. Such policies may cover at points or places where work is being performed, while in transit and during temporary storage or deposit, of property

designated for and awaiting specific installation, building, renovating or repairing.

Such coverage shall be limited to Builders Risks or Installation Risks where Perils in addition to Fire and Extended Coverage are to be insured.

If written for account of owner, the coverage shall cease upon completion and acceptance thereof or if written for account of a seller or contractor the coverage shall terminate when the interest of the seller or contractor ceases.

10. Mobile Articles, Machinery and Equipment Floaters (Excluding motor vehicles designed for highway use and auto homes, trailers and semi-trailers except when hauled by tractors not designed for highway use and show plows constructed exclusively for highway use), covering identified property of a mobile or floating nature, not on sale or consignment, or in course of manufacture, which has come into custody or control of parties who intend to use such property for the purpose for which it was manufactured or created. Such policies shall not cover furniture and fixtures not customarily used away from premises where such property is usually kept.
11. Property in transit to or from and in the custody of bailees (not owned, controlled or operated by the bailor). Such policies shall not cover bailee's property at his premises.
12. Installment Sales and Leased Property. Policies covering property sold under conditional contract of sale, partial payment contract, installment sales contract, or leased but excluding motor vehicles designed for highway use. Such policies must cover in transit but shall not extend beyond the termination of the seller's or lessor's interest. This section is not intended to include machinery and equipment under certain "lease back" contracts.
13. Garment Contractors Floaters.
14. Furriers or Fur Storer's Customer's Policies (i.e., policies under which certificates or receipts are issued by furriers or fur storers) covering specified articles the property of customers.
15. Accounts Receivable Policies, Valuable Papers and Records Policies.
16. Floor Plan Policies, covering property for sale while in possession of dealers under a Floor Plan or any similar plan under which the dealer borrows money from a bank or lending institution with which to pay the manufacturer, provided:
 1. Such merchandise is specifically identifiable as encumbered to the bank or lending institution.
 2. The dealer's right to sell or otherwise dispose of such merchandise is conditioned upon its being released from encumbrance by the bank or lending institution.
 3. That such policies cover in transit and do not extend beyond the termination of the dealer's interest.

Provided that such policies shall not cover automobiles or motor vehicles, merchandise for which the dealer's collateral is the stock or inventory as distinguished from merchandise specifically identifiable as encumbered to the lending institution.

17. Sign and Street Clock Policies, including neon signs, automatic or mechanical signs, street clocks, while in use as such.
18. Fine Arts Policies covering paintings, etchings, pictures, tapestries, art glass windows, and other bonafide works of art of rarity, historical value or artistic merit, for account of museums, galleries, universities, businesses, municipalities and other similar interests.
19. Policies covering personal property which, when sold to the ultimate purchaser, may be covered specifically, by the owner, under Inland Marine Policies including:
 - (a) Musical Instrument Dealers Policies, covering property consisting principally of musical instruments and their accessories. Radios, televisions, record players and combinations thereof are not deemed musical instruments.
 - (b) Camera Dealers Policies, covering property consisting principally of cameras and their accessories.
 - (c) Furrier's Dealers Policies, covering property consisting principally of furs and fur garments.
 - (d) Equipment Dealers Policies, covering mobile equipment consisting of binders, reapers, tractors, harvesters, harrows, tedders and other similar agricultural equipment and accessories therefor; construction equipment consisting of bulldozers, road scrapers, tractors, compressors, pneumatic tools and similar equipment and accessories therefor; but excluding motor vehicles designed for highway use.
 - (e) Stamp and Coin Dealers covering property of philatelic and numismatic nature.
 - (f) Jewelers' Block Policies.
 - (g) Fine Arts Dealers,

Such policies may include coverage of money in locked safes or vaults on the Assured's premises. Such policies also may include coverage of furniture, fixtures, tools, machinery, patterns, molds, dies and tenant insureds interest in improvements of buildings.
20. Wool Growers Floaters.
21. Domestic Bulk Liquids Policies, covering tanks and domestic bulk liquids stored therein.
22. Difference in Conditions coverage excluding fire and extended coverage perils.
23. Electronic Data Processing Policies

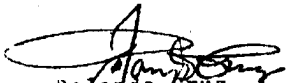
G. Marine Comprehensive Policy

A marine comprehensive policy may cover, under the long established methods of insuring such commodities as sugar and tobacco, any goods or commodities which are produced in Puerto Rico and exported to the extent of not less than seventy five per cent (75%) of the total output of the particular industry, provided such policy shall cover the hazards of the ocean marine transportation and the assured shall pay premium thereon and provided further, that any marine comprehensive policy covering sugar or tobacco shall be subject to the same requirement.

Unless otherwise permitted, nothing in the foregoing shall be construed to permit Marine or Transportation policies to cover

- A. Storage of insured's merchandise, except as hereinbefore provided.
- B. Merchandise in course of manufacture, the property of and the premises of the manufacturer.
- C. Furniture and fixtures and improvements and betterments to buildings.
- D. Merchandise in permanent location, sold under partial payment, contract of sale, or installment sales contract, which involves protection of the purchaser's interest after seller's interest ceases.
- E. Monies and securities in safes, vaults, safety deposit vaults, bank or insured's premises, except while in course of transportation.
- F. Risks of fire, windstorm, sprinkler leakage, earthquake, hail, explosion, riot, and civil commotion on buildings, structures, wharves, piers, docks, bulkheads and sheds and other fixed real property on land and over water, except as hereinbefore provided.

Section 2. - This amendment shall be effective five days after publishing in a newspaper of general circulation, once a week for two consecutive weeks, a notice to the effect that such amendment has been approved.


 Rolando Cruz
 Commissioner of Insurance

Date of approval
 September 19, 1977.

