



**Office of the Lieutenant Governor
Division of Banking, Insurance and
Financial Regulation**

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BULLETIN 2020-15

TO: Property and Casualty Insurers, Insurance Producers and General Public
FROM: Tregenza A. Roach, Esq., Lieutenant Governor and Commissioner of Insurance
RE: Notice of cancellation of policy; Suspension of registration

This Bulletin is being issued to all U.S. Virgin Islands licensed or authorized property and casualty insurers, insurance producers and the general public to explain as concisely as possible, the requirements that must be met by an insurance company or its agent or the owner of the vehicle to cancel a motor vehicle liability policy in the Territory pursuant to Title 20, Chapter 47 of the Virgin Islands Code, *Compulsory Automobile Liability Insurance*.

By way of background, the Office of the Lieutenant Governor, Division of Banking, Insurance and Financial Regulation ("Division") has received inquiries from the insurance industry and owners of motor vehicles about the requirements that must be met by an insurance company, its agents and owners of vehicles in order to cancel a motor vehicle liability policy after a vehicle is sold to a new owner.

Discussions with the Virgin Islands Bureau of Motor Vehicles ("BMV") have revealed that some owners of motor vehicles sell their vehicle without notifying BMV within twenty-four hours of the transfer as mandated in 20 V.I.C. § 335. Many sellers forego going to BMV with the buyer to officially transfer ownership in the new buyer's name and cancel the registration of the seller. Instead, the buyer and seller execute and notarize the back of the certificate of title or registration and do not follow through with notifying BMV as provided in Section 335.

The issue many sellers encounter is that signing the back of the certificate of title or registration does not serve to officially cancel the registration of the seller. Thus, insurance companies and their agents have denied requests by the owners of record to cancel the motor vehicle insurance until the transfer is effectuated in a new buyer's name and the registration of the seller is cancelled by BMV.

The Lieutenant Governor in his capacity as Commissioner of Insurance is charged with the administration of Chapter 47. Act Number 6287 codified in Title 20, Chapter 47 was enacted into law on August 17, 1999. The Act requires that a motor vehicle prior to being registered by BMV must maintain compulsory liability insurance as cited below:

Personal – 10/20/10

10,000 – per person

20,000 – per accident

10,000 – property damage

Commercial – 10/25/10

10,000 – per person

25,000 – per accident

10,000 – property damage

It should be noted, the requirements of compulsory liability insurance do not extend to an owner maintaining full coverage (comprehensive and collision). Comprehensive and Collision coverages protect the owner's vehicle, while liability coverage protects you when you cause bodily injury or property damage to others.

Specifically, 20 V.I.C. § 701 provides “No motor vehicle shall be registered except upon the filing by the owner of the vehicle with the Police Commissioner proof of coverage by a satisfactory “owner’s” policy of liability insurance ...” A “satisfactory owner’s policy of liability insurance” as referenced in this section is also called “motor vehicle liability policy,” which is an automobile policy issued by an insurance carrier admitted and duly authorized to transact business in the Virgin Islands. As provided in Section 703(b), this policy “shall insure the person named therein and any other person, as an insured, using any such vehicle or vehicles with the express or implied permission of such named insured, against loss from the liability imposed by law for damages, arising out of the ownership, maintenance, or use of such vehicle or vehicles in the Virgin Islands.”

This Act, among other things, states the conditions that must be satisfied before an insurance company or its agent can cancel a motor vehicle insurance policy. As it relates to non-payment of premium, discovery of fraud or material misrepresentation and suspension or revocation of a driver’s license, Section 705 states an insurer shall not cancel or otherwise terminate a motor vehicle liability policy so certified until:

- (i) a notice of cancellation has been provided to the insured consistent with 22 V.I.C § 827; and
- (ii) at least fifteen (15) days’ notice via certified mail to all concerned parties have elapsed.

Further, in accordance with Section 705 (a)(3), once a notice of suspension of registration is received, the owner of the motor vehicle is required to return the registration sticker, registration license and license plate or provide proof of valid insurance. If proof of insurance is not provided to the BMV, the Police Commissioner may remove the license plate and registration sticker from the affected vehicle.

In cases where the owner of the vehicle is seeking cancellation of the insurance policy due to sale of the vehicle or the vehicle being inoperable, Section 705(b) provides an insurer or its agent shall not cancel or otherwise terminate a motor vehicle liability policy until the (i) the registration sticker required by this chapter has been returned to the Motor Vehicles Bureau and (ii) a copy of the insured’s canceled motor vehicle registration license has been provided to the insurance company or its agent. Moreover, pursuant to Section 705(c), “an insurance company or its agent shall not be obligated to refund any unearned

premium for cancellation of a policy unless the insured has complied with the provisions of subsections (a)(3) or (b) of this Section.”

To that end, the Division realizes there is a need to educate the public on the Compulsory Automobile Liability law. The Division will take part in outreach activities and make educational information available on the Office of the Lieutenant Governor’s web site, ltg.gov.vi.

Questions regarding this Bulletin may be directed to the Division by calling Glendina Matthew, Esq., Assistant Director/Legal Counsel at (340) 773-6459.

Dated this 9th day of September 2020 at St. Thomas, U.S. Virgin Islands.



A handwritten signature in black ink that reads "Tregenza A. Roach". The signature is written in a cursive style with a long horizontal stroke extending from the top of the "T".

Tregenza A. Roach, Esq.
Lieutenant Governor/
Commissioner of Insurance