

Logo of the Superintendency of
Insurance and Reinsurance of Panama

November 25, 2020

CIRCULAR N° SSRP-047-2020

**General Managers of Insurance Companies and
Chairmen of Associations of Insurance Brokers**

**Subject: Cancellation of SOAT insurance
policies**

Dear Sirs:

We would like to inform you hereby that after noticing some questions from insurance consumers and the insurance sector regarding the cancellation of SOAT insurance policies due to transfer of ownership and double coverage, we wish to make the following clarifications for the better development of these processes:

- In those cases where the same vehicle is doubly insured by different SOAT insurance policies, the insured party may request the cancellation of one of them, being entitled to a refund of the unearned premium corresponding to the period in which dual coverage existed. The insurance company to which the cancellation is requested must validate the existence of another current SOAT insurance policy covering the vehicle and keep record of this fact to later cancel the insurance policy contracted with it.
- Cancellations of SOAT insurance policies at the request of consumers based on the Principle of Freedom of Contracting (Art. 150 of Law 12 of 2012) may be conducted, provided that the insurance company to which the cancellation is being requested validates that there is another SOAT insurance policy that covers the vehicle and keeps record of this fact in order to later cancel later the insurance policy contracted with it. This is aimed at respecting the right of freedom of contracting that all insurance consumers are entitled and, in turn, guaranteeing that the insurance consumer meets his/her obligation to maintain a current SOAT insurance policy in accordance with Law 68 of 2016.
- We urge both insurance companies and mortgage lenders to make the necessary communications to their clients in order to know exactly whether the clients have a new insurance policy or renewal that covers the mortgaged property, before issuing a new policy and thus avoid double coverage.
- With regard to the transfer of vehicle ownership, we must emphasize that Law 68 establishes as a new requirement to conclude the transfer that the buyer has a valid SOAT insurance policy and, in the same manner, the clauses of the insurance policy establish that such a policy will not be valid when said transfer is concluded. In this regard, we request insurance companies to establish the mechanisms they are willing to use to verify that the

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vehicle to be insured is in fact in under a purchase process to be able to issue the policy on behalf of the new owner with a term that guarantees the coverage established in the aforementioned law. And, on the other hand, the insurance company that insured the vehicle prior to the transfer shall refrain from cancelling the SOAT insurance policy, before verifying that the vehicle is covered by a new policy.

- We would like to remind you that SOAT insurance policies cannot be cancelled due to non-payment

***For any cancellation of SOAT insurance policies and in cases applicable, the insurance company must first verify that the vehicle has a new insurance policy covering it and keep record of it.**

Best regards,

(Signed)

ALBERTO C. VÁSQUEZ R.

Superintendent of Insurance and Reinsurance of Panama

vc/ej