

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO

MAPFRE PRAICO INSURANCE COMPANY

Plaintiff

v.

EDWARD C. REYNOLDS; 411 CLAIMS PR,  
LLC; 411 CLAIMS LLC; JANE DOE;  
ABC INSURERS

Defendants

CIVIL NO. 24-1557 (JAG)

JURY TRIAL DEMAND

**PLAINTIFF'S MEMORANDUM IN OPPOSITION TO MOTION TO DISMISS  
THE SECOND AMENDED COMPLAINT**

**TO THE HON. JAY A. GARCÍA-GREGORY, SENIOR U.S. DISTRICT JUDGE:**

The plaintiff, MAPFRE PRAICO INSURANCE COMPANY ("MAPFRE") respectfully moves for an order denying the motion to dismiss the second amended complaint (ECF No. 39) filed by codefendants 411 Claims LLC and 411 Claims PR LLC (collectively the "Companies") under Fed. R. Civ. P. 12(b)(6).<sup>1</sup>

**I. INTRODUCTION**

MAPFRE initiated this diversity action seeking monetary damages against the defendants under Puerto Rico's general tort statute, based on their negligent misrepresentations. The defendants' negligent conduct arose from the actions of Edward C. Reynolds and 411 Claims PR LLC, who operated as unlicensed professional adjusters in connection with a post-Hurricane María property insurance claim submitted on behalf of the Puerto Rico Highway Authority ("Highway Authority").

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<sup>1</sup> Under Rule 12(b)(6), district courts "accept as true all well-pleaded facts alleged in the complaint and draw all reasonable inferences therefrom in the pleader's favor." *Alston v. Spiegel*, 988 F.3d 564, 571 (1st Cir. 2021) (quoting *Santiago v. Puerto Rico*, 655 F.3d 61, 72 (1st Cir. 2011)); see also *Disaster Sols., LLC v. City of Santa Isabel*, Puerto Rico, 21 F.4th 1, 6 (1st Cir. 2021).

As detailed in the second amended complaint, Reynolds and 411 Claims PR LLC not only lacked the required licensure but also engaged in a coordinated scheme with 411 Claims LLC to negligently circumvent the adjustment process, thereby misrepresenting the policy's terms, conditions, limits, and exclusions to inflate damage estimates. These actions were undertaken with the improper aim of increasing contingency fees and, thus, unjustifiably escalating MAPFRE's defense costs and attorneys' fees.

The Companies now move to dismiss the second amended complaint pursuant to Fed. R. Civ. P. 12(b)(6) (ECF No. 39). Their motion rests on two primary arguments.

First, the action is barred by Puerto Rico's one-year statute of limitations in tort actions which allegedly began when MAPFRE filed a counterclaim against its insured in May 2022 in Puerto Rico Highway Authority v. MAPFRE PRAICO Insurance Co., Case No. SJ2019CV0974 (the "Underlying Case") or, at the latest in July 2023, when the Puerto Rico Insurance Commissioner sanctioned codefendants Reynolds and 411 Claims PR LLC for working as unlicensed adjusters.

Second, the Companies move to dismiss the second cause of action as premature because the claim allegedly depends on the resolution of a pending contractual dispute between MAPFRE and the Highway Authority in the Commonwealth of Puerto Rico courts.

The Court should deny the motion to dismiss. The claims are not barred by the statute of limitations. The one-year limitations period did not commence until MAPFRE learned, not only of Reynolds' and 411 Claims LLC's lack of license, but also of the necessary facts establishing their negligent misrepresentations in the adjustment process, causation and the resulting damages. In this end, MAPFRE will establish in this memorandum that the Court's reasoning in Vázquez-Quintana v. Falk, No. CV 16-3139 (JAG), 2018 WL 8838860 (D.P.R. Sept. 13, 2018),

citing Colegio Mayor de Tecnología v. Rodríguez Fernández, 194 DPR 635 (2016) is analogously applicable here.<sup>2</sup>

MAPFRE had knowledge of all the necessary facts in support of its negligence claims against the defendants upon receiving, as a requirement and condition to the settlement agreement, a final judgment issued on December 4, 2023, in the Underlying Case. With this judgment: (i) there was no longer any factual or legal uncertainty about whether the Highway Authority would prevail in the lawsuit based on its initial (and grossly overvalued) property insurance damage demands against MAPFRE; and (ii) MAPFRE's litigation expenses stopped, thus allowing it to quantify the additional out-of-pocket expenses incurred because of defendants' negligent misrepresentations.<sup>3</sup> As discussed in Section II, this reasoning aligns with the common law principles underpinning Section 552 of the Restatement of Torts, where the statute of limitations begins when the injured party becomes aware of the out-of-pocket expenses incurred because of the misrepresentation made. Since MAPFRE filed this action within one year of the December 4, 2023 final judgment, the complaint is timely.

Furthermore, MAPFRE's second cause of action for damages arising from the defendants' null and void contractual dealings is ripe and independent of the ongoing *contractual* dispute between the Highway Authority and the defendants. MAPFRE is not a party to that litigation, and there is no legal obstacle preventing the simultaneous pursuit of this *tort* claim. Accordingly, dismissal under Rule 12(b)(6) is unwarranted.

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<sup>2</sup> A federal court sitting in diversity, as in this case, must apply state substantive law and federal procedural law. Suero-Algarín v. CMT Hosp. HIMA San Pablo Caguas, 957 F.3d 30, 39 (1st Cir. 2020). Thus, Puerto Rico law dictates the substantive law of this case. Baum-Holland v. Hilton EL Conquistador Management, LLC, 964 F.3d 77, 87 (1st Cir. 2020).

<sup>3</sup> Second Amended Complaint, ECF No. 38, ¶¶ 3.25-3.30.

## II. ARGUMENT

### A. The Second Amended Complaint is not time-barred.

The Companies argue that the instant action is time-barred because MAPFRE had knowledge of defendants' inflated damage estimates and misrepresentations as early as May 17, 2022, based on MAPFRE's proposed counterclaim in the Underlying Case against the Highway Authority and no later than July 21, 2023, when the Puerto Rico Insurance Commissioner sanctioned Edward C. Reynolds and 411 Claims PR LLC for working as unlicensed adjusters. MAPFRE respectfully disagrees.

1. *MAPFRE's Counterclaim in the Underlying Case and the Puerto Rico Insurance Commissioner's Administrative Case are Irrelevant to the Statute of Limitations Issue.*

MAPFRE's counterclaim against the Highway Authority in the Underlying Case does not constitute evidence of MAPFRE's knowledge of the essential elements necessary to pursue negligence claims against the defendants in this case (ECF No. 39-1). The counterclaim was solely aimed at rescinding the insurance policy issued to the Highway Authority due to its non-disclosure of material information during the underwriting process. The defendants were not parties to the Underlying Case.

Specifically, the counterclaim alleges that on June 28, 2016, AON, the Highway Authority's broker, sought authorization to place Inland Marine, Umbrella, and Boiler & Machinery coverages through Arieta & Son Assurance Corp. MAPFRE received specifications indicating that the commercial property coverage would encompass the locations listed in the "Statement of Values," totaling 54 properties with a coverage limit of \$47,934,332. AON also requested the inclusion of Endorsement CP1410 to provide additional coverage for certain components within these properties. The Highway Authority subsequently requested MAPFRE to include a Special Condition Endorsement, intending to eliminate certain policy exclusions.

During negotiations of policy number CBP-008665296, neither ACT, AON, nor Arieta & Son disclosed the detailed values, descriptions, locations, or other critical information pertaining to the properties identified in the Special Conditions Endorsement. Instead, they indicated that the insured risk was \$47,934,332 under the commercial property coverage. MAPFRE issued a “full value” or “valued policy,” based on the actual or agreed-upon values of each property. The Highway Authority concealed key details regarding the nature, construction, protections, and exposure of its properties, only revealing that the risk was \$47,934,332 for the specified properties. By August 30, 2016, MAPFRE had quoted the risk, offering coverage with a premium of \$252,422, and on September 28, 2016, MAPFRE issued the policy with a limit of \$47,934,332.

Following Hurricane María, the Highway Authority, through 411 Claims PR LLC and Edward Reynolds, submitted claims seeking damages totaling approximately \$159,930,79. The claim comprised damages to bridges, road lights, signs, traffic signals, wireless communication systems, and other properties listed in Endorsement A. MAPFRE advised that the Special Condition Endorsement covered only properties within the listed locations in Endorsement A, explicitly denying coverage for properties outside this scope. MAPFRE’s position was that coverage extended only to structures such as bridges, roads, sidewalks, patios, exterior properties, canopies, awnings, and signs within those designated locations. The Highway Authority’s misrepresentations during the underwriting process, coupled with its failure to disclose material facts, including the true value and nature of its properties, rendered the policy voidable and subject to rescission.

MAPFRE’s counterclaim in the Underlying Case was a rescissory action aimed at voiding the insurance policy due to the Highway Authority’s material misrepresentations during the underwriting process. Such misrepresentations are fundamentally different from the

negligent conduct alleged in the second amended complaint, which concerns actions taken by the defendants after the claim was filed post-Hurricane María.

Furthermore, the Puerto Rico Insurance Commissioner's sanctions against Reynolds and 411 Claims PR LLC for operating as unlicensed adjusters underscore that mere notice of unlicensed conduct does not, by itself, establish the commencement of the one-year statute of limitations, especially because the Supreme Court of Puerto Rico has made clear that the lack of a professional license is not negligence *per se* absent proof of causation. Sáez v. Municipality of Ponce, 84 P.R.R. 515 (1962) (dismissing medical malpractice action against defendant because of the mere fact that one of its physicians was unlicensed). Additional facts, such as the element of causation and the damages incurred, are required to satisfy the claim for negligent misrepresentation. Simply put, the limitations period cannot be triggered solely by the defendants' unlicensed status. Instead, it begins once MAPFRE acquires knowledge of the causative misconduct and the compensatory damages attributable thereto.

*2. The Limitations Period Accrued with the Underlying Case's Final Judgment.*

Under the repealed Civil Code of Puerto Rico of 1930, which is applicable here<sup>4</sup>, the statute of limitations for tort actions is one year. See Article 1868 of the repealed Civil Code of 1930, P.R. Laws Annot. Tit. 31 § 5298. The Puerto Rico Supreme Court applies the cognitive theory of damages to determine if a case is time-barred. Rodríguez v. De Jesús-Rojas, 702 F. Supp. 3d 35, 38 (D.P.R. 2023) citing Fraguada Bonilla v. Hosp. Aux. Mutuo, 186 DPR 365, 374 (2012). Under this theory:

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<sup>4</sup> Because the factual circumstances underlying this case span both prior to and after November 28, 2020, the applicable law is governed by the repealed Civil Code of Puerto Rico of 1930. See Article 1815 of the Civil Code of Puerto Rico of 2020, P.R. Laws Annot. Tit. 31 § 11720. This provision states that for actions arising partly before and after the effective date of the newly enacted Civil Code of Puerto Rico (November 28, 2020), the law in effect at the earlier time applies.

[T]he statute of limitations begins to accrue when the plaintiff knew or should have known of the harm suffered, the parties responsible for that harm, and **any other necessary element** to effectively commence a cause of action. The cognitive theory of damages, however, requires that the plaintiff exercise reasonable diligence in uncovering the **necessary elements** for a cause of action.

Rodríguez v. De Jesús-Rojas, 702 F. Supp. at 38 (internal citations omitted) (emphasis added).

The “term does not start to run from the occurrence of the negligent act or damage, but from the moment the damage is known.” Barretto Peat, Inc. v. Luis Ayala Colón Sucrs., Inc., 896 F.2d 656, 658 (1st Cir.1990). “True knowledge applies where a plaintiff is actually aware of **all the necessary facts** and the **existence of a likelihood** of a legal cause of action.” Bado-Santana v. Ford Motor Co., 283 F. Supp. 2d 520, 527 (D.P.R. 2003) (emphasis added). After all, “**the rule on prescription is flexible, and generally favors plaintiffs.**” Id., at 528 citing Vega v. J. Pérez & Cía., 135 DPR 746, 755 (1994) (emphasis added).

The instant action is not time-barred. The one-year statute of limitations period began neither on May 17, 2022 nor on July 21, 2023 because MAPFRE lacked the “necessary elements” for a cause of action against the defendants. It commenced on December 4, 2023 upon the Commonwealth of Puerto Rico court’s issuance of the final judgment approving the parties’ joint request for voluntary dismissal (ECF No. 38 ¶¶ 3.28-3.29). It was then that MAPFRE had knowledge of all the necessary facts. Therefore, since the captioned complaint was filed on December 4, 2024 (ECF No. 1), MAPFRE’s tort claims are timely.

The Puerto Rico Supreme Court’s decision in Colegio Mayor de Tecnología v. Rodríguez Fernández, 194 DPR 635 (2016) is analogously on point here. The Supreme Court explained that in cases involving legal malpractice, the statute begins to run only when the final, unappealable judgment in the underlying matter is rendered. This reasoning is that until such judgment is final and unappealable, the injured party cannot fully ascertain the extent of the damage or potential injury, given the possibility of appellate modification or reversal.

In Vázquez-Quintana v. Falk, No. CV 16-3139 (JAG), 2018 WL 8838860 (D.P.R. Sept. 13, 2018), this Honorable Court extended the principles from Colegio Mayor in the context of a professional malpractice claim by a physician against a medical expert who testified against him in an underlying medical malpractice suit. The Honorable Court held that Colegio Mayor “could apply” and, therefore, the one-year statute of limitations should begin when the final and unappealable judgment was issued in the underlying medical malpractice case where the physician was a defendant. Id., at \*3. The Court explained:

The Court lacks the benefit of a Puerto Rico state court decision squarely addressing this issue in the context of expert witnesses, and so must anticipate the position that local courts would take on this matter. After carefully reviewing the record and reconsidering its October 26, 2017 dismissal order, the Court believes that the reasoning in *Colegio Mayor* could apply to the present case, especially given that part of the damages Plaintiff seeks respond to the state court judgment entered against him.

Vázquez-Quintana v. Falk, 2018 WL 8838860, at \*3.

MAPFRE’s negligence claims in this case are not time-barred because the cause of action did not accrue until MAPFRE had knowledge of both the negligent misrepresentations and the causal link between those misrepresentations and the increased expenses. *Importantly, this knowledge was only obtained upon the resolution of the Underlying Case, when a final judgment dismissing the case with prejudice was entered, as specifically and jointly requested by the parties.*<sup>5</sup> The reason, as applied in Falk and Colegio Mayor, is simple. Any attempt to file an action against the defendants before the Underlying Case’s final judgment would have been premature, as the Highway Authority: (i) may have prevailed with its initial demands supported by the defendants’ work; or (ii) the Commonwealth Court may have decided the Highway

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<sup>5</sup> Although not directly addressed in the Companies’ motion to dismiss, the statute of limitations did not begin upon the execution of the settlement agreement as a final judgment was a necessary condition agreed by the parties and when the litigation (and MAPFRE’s expenses) ended. A judgment is not final and with *res judicata* effect until the Court dismisses the action with prejudice pursuant to a settlement agreement or stipulation. Int’l Union of Operating Eng’rs-Emps. Const. Indus. Pension, Welfare & Training Tr. Funds v. Karr, 994 F.2d 1426, 1429 (9th Cir. 1993). A dismissal with prejudice “whether by judicial order or stipulation is final [and] appealable [and]... subject to the general rules of preclusion—*res judicata* and collateral estoppel.” Arthur R. Miller, 9 Fed. Prac. & Proc. Civ. § 2367 (Thomson Reuters Westlaw 4th ed. 2025). It is a well-known fact that the “word ‘judgment’ . . . includes any determination of the court finally resolving the matter in controversy submitted thereto and from which an appeal or review lies. Cárdenas Maxan v. Rodríguez, 119 D.P.R. 642, 19 P.R. Offic. Trans. 685, 693 (1987).

Authority's claims were grossly overvalued and inflated; or (iii) as here the Highway Authority settled and accepted its insurance property damage claims were valued far less than its initial demands against MAPFRE.

Moreover, MAPFRE's out-of-pocket expenses incurred because of defendants' misrepresentations do not crystallize until the essential elements of negligence and causation are present, which elements are only ascertainable once the Underlying Case has concluded. See analogously, e.g., Boschette v. Buck, 916 F. Supp. 91, 100 (D.P.R. 1996) (dismissing defendant's counterclaim for malicious prosecution as premature because one of the essential elements of such a claim is that the underlying suit must have been fully and finally adjudicated in favor of the party asserting the malicious prosecution claim). Compensatory damages materialize only when MAPFRE's costs and attorney fees end with the Underlying Case, showing that the additional out-of-pocket expenses would not have been incurred but for the defendants' negligent misrepresentations. In this case, those damages materialized when the Commonwealth of Puerto Rico court approved the parties' joint request for judgment of dismissal on December 4, 2023.

Since MAPFRE filed this action exactly one year later, on December 4, 2024, it was filed within the applicable statutory period. Therefore, the Companies' motion to dismiss should be denied, as the claims are timely and the cause of action only yet to accrue at the time of the final judgment.

3. *The Limitations Period for Negligent Misrepresentations Cases Accrues Once the Insurer is Able to Quantify its Compensatory Damages.*

The second amended complaint presents an actionable claim against the defendants for negligent misrepresentations. A public adjuster may be liable for negligent misrepresentations when an insurer relies on the adjuster's information for an insurance claim's adjustment. Church Mut. Ins. Co. v. All. Adjustment Grp., 102 F. Supp. 3d 719, 725–726 (E.D. Pa. 2015), *aff'd*, 708 F. App'x 64 (3d Cir. 2017). In common law, tort actions for negligent misrepresentation are

governed by Section 552 of the Restatement of Torts. To establish liability under Section 552, a party must establish that “the defendant is in the business of supplying information for the guidance of others and the information provider must have a pecuniary interest in the transaction; the information provided is false; the information was justifiably relied upon; and the defendant failed to exercise reasonable care in obtaining or communicating the information.” Church Mutual, 102 F. Supp. 3d at 725-726. In Church Mutual, the Eastern District Court of Pennsylvania denied the public adjusters’ motion to dismiss the complaint because the complaint had enough facts that the insurer relied upon the public adjuster’s information.

The Puerto Rico Supreme Court has never recognized a tort action for negligent misrepresentation under Section 552 of the Restatement of Torts. The Supreme Court, however, has often applied common law tort principles to tort claims. United States v. Marshall, 391 F.2d 880, 883 (1st Cir. 1968) (“Far from being reluctant to appeal to sources based on the common law, the Supreme Court of Puerto Rico, in the three cases referred to, relied exclusively on common law authority, apart from citations to its own prior opinions.”) “Accordingly, consistent with our longstanding practice in cases where the Puerto Rico court has not diverged from common law principles [absent controlling Puerto Rico law] we adopt the Restatement (Second) of Torts as the appropriate framework for analysis . . . .” Rodríguez v. United States, 54 F.3d 41, 45 (1st Cir. 1995) (internal citations omitted). In *dictum*, a case in this district has stated, in claims arising out of the Federal Tort Claims Act, that “[a] claim for negligent misrepresentation may be cognizable under Puerto Rico law.” Dynamic Image Techs., Inc. v. United States, 18 F. Supp. 2d 146, 151 (D.P.R. 1998). Because the “Puerto Rico Supreme Court has held that a tortious act is all-embracing, and Article 1802’s concept of fault is as ample as human conduct,” Rivera v. DHL Glob. Forwarding, 536 F. Supp. 2d 148, 157 (D.P.R. 2008), a negligent misrepresentation cause of action may be viable under Puerto Rico law.

A federal district court has held, in a lender's negligent misrepresentation claim against an accounting firm that audited the borrower, that the statute of limitations began to run when the lender incurred out-of-pocket losses. First State Bank v. Daniel & Assocs., P.C., 491 F. Supp. 2d 1033, 1039 (D. Kan. 2007). Accordingly, the bank's knowledge of the injury materialized when it suffered losses that would be recoverable under all of the required elements of a negligent misrepresentation action pursuant to Section 552 of the Restatement of Torts. Id. The First State Bank decision, therefore, is consistent with MAPFRE's argument that the limitations period in this action accrued after the December 4, 2023 final judgment which is when MAPFRE was able to quantify its losses and determine the causation element following defendants' negligent misrepresentations.

4. *The Scott M. Favre Litigation's Dismissal Order.*

The Companies rely on the dismissal order recently issued in MAPFRE PRAICO Insurance Company v. Scott M. Favre Public Adjuster LLC, Case No. 3:24-cv-01591-ADC (see ECF No. 39-2), to argue that MAPFRE had knowledge of the operative facts giving rise to the claims as early as May 22, 2022 when MAPFRE filed its counterclaim against the Highway Authority in the Underlying Case. However, the Favre case is distinguishable.

First, the district court in Favre focused solely on when MAPFRE learned of Favre's fraudulent and negligent misrepresentations when submitting inflated estimates without properly considering when MAPFRE became aware of the *causation* that these misrepresentations *directly caused increased* expenses. Any action prior to the final judgment would have been merely speculative because MAPFRE's insured in Favre (Municipality of Barceloneta) could have prevailed or the Commonwealth court could have decided the claims were grossly inflated and overvalued.

Second, it is only when the litigation ends that MAPFRE is able to learn whether a public adjuster's negligence resulted in quantifiable damages, specifically, the unnecessary litigation

expenses. These unnecessary litigation expenses, which are a special damage that needs to be specifically pled under Fed. R. Civ. P. 9(g), are not crystallized until there is a final judgment in the underlying case where the public adjusters, as agents of the insured<sup>6</sup>, were involved because that is when the out-of-pocket expenses ended. Therefore, it is only upon the end of the underlying insurance litigation case that MAPFRE could definitively determine the extent to which the defendants' negligent misrepresentations *increased* MAPFRE's out-of-pocket expenses.

In view of the above, the Favre decision should not be applied here. MAPFRE's cause of action against the defendants rightly accrued only upon the conclusion of the underlying litigation with the final judgment of December 4, 2023. The Companies' motion to dismiss, therefore, should be denied.

**B. The Second Amended Complaint's Second Count is Not Premature.**

The Companies' motion to dismiss also contends that count II of the second amended complaint should be dismissed. They argue that MAPFRE's tort claim arising out of the nullity of the contract between the 411 Claims PR LLC and the Highway Authority, presents a non-justiciable claim, as it relies on a contingent future event – the Commonwealth of Puerto Rico's determination in Civil No. SJ2024CV07791 that the contract is indeed null and void. The latter is a declaratory relief action the Highway Authority filed against the Companies because contracts with retroactive effect are null and void under Puerto Rico law. The Highway Authority has also claimed that the contract is null and void because Reynolds and 411 Claims PR LLC were unlicensed adjusters.

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<sup>6</sup> Public adjusters are agents of an insured and owe an insured a duty of competent representation that is no different than the one owed by an adjuster to an employer-insurer. Bockser v. Dorchester Mut. Fire. Ins. Co., 327 Mass. 473, 478, 99 N.E.2d 640 (1951) (public adjuster hired by an insured is an agent of the insured); Chubb & Son Inc. v. Consoli, 283 A.D.2d 297, 298–299, 726 N.Y.S.2d 398 (N.Y.App. Div., First Dep't 2001) (same; public adjusters are not exempt from general agency principles). “An agent owes its principal a fiduciary duty of utmost good faith and absolute loyalty; the agent must act *solely* in furtherance of the principal's interest, even at the expense of its own in matters connected with the agency.” Oden v. U.S. Adjusters, Inc., No. CIV.A. 13-13171-RGS, 2014 WL 900722, at \*2 (D. Mass. Mar. 7, 2014).

As the Court will note, MAPFRE is not a party to such *contractual* action, which is different from the *tort* action claimed in the second count of the second amended complaint. The Court is not even dealing with a parallel litigation among the same parties where a stay on abstention grounds could be remotely considered.

To prevail in a tort action for the execution of a contract that causes damages to others, MAPFRE must show that: (1) the contract was adversely affected; (2) it sustained an injury; (3) a causal nexus exists between the injury and the contract; and (4) there is intent to cause injury to the third party, either by both contracting parties or by only one of them. Dennis, Metro Invs. v. City Fed. Savs., 21 P.R. Offic. Trans. 186, 202 (1988); Tilsor, S.A. v. Oracle Caribbean, Inc., No. CV 19-1875 (PAD), 2022 WL 20814952, at \*10 (D.P.R. Sept. 30, 2022).

In this case, assuming the well-pleaded facts as true, the Companies' contract with the Highway Authority adversely affected MAPFRE as the contract is null and void and caused MAPFRE to incur unnecessary additional expenses. Had the contract not been executed, MAPFRE could have adjusted the claim without the negligent misrepresentations perpetrated by the defendants and the additionally incurred out-of-pocket expenses.

Contracts executed between a public adjuster and an insured must be in writing and its content must comply with Article 9.331 of the Puerto Rico Insurance Code, P.R. Laws Annot. Tit. 26 §952b-1. Public adjusters are also required to have a valid license. Id., §951p.

The Supreme Court of Puerto Rico recently analyzed in Sonnell Transit Service, LLC v. Junta de Subastas del Municipio Autónomo de Toa Baja, 2025 TSPR 85, 2025 WL 2496656 the validity of a municipal contract awarded to AMR Trucking for the lease of vehicles for public transportation. The Supreme Court found that AMR Trucking lacked the necessary license from the Office of the Commissioner of Financial Institutions to engage in the business of leasing movable property. The Supreme Court determined that this absence of a license constituted a legal violation and impediment, rendering AMR Trucking ineligible to bid on the contract.

Consequently, the Supreme Court concluded that awarding the contract to AMR Trucking was null and void because it violated public order, emphasizing that the requirement for a license is a legal prerequisite that cannot be waived. Accordingly, it can be concluded that contracts executed with an unlicensed public adjuster are void for violation of public policy and the law. See, e.g., 33 Carpenters Construction, Inc. v. State Farm Life and Casualty Company, 939 N.W.2d 69, 81 (Iowa 2020) (“This outcome is consistent with our precedent holding contracts entered into by parties lacking a required license are void as against public policy”); Power Dry of Chicago, Inc. v. Bean, 2022 IL App (2d) 210043, 200 N.E.3d 74, 94 (Ill. App. 2022). (“Therefore, we hold that CWFR’s contract with Matthew, and the resulting assignment of rights to the Lutheran Mutual policy, to be void, invalid, and unenforceable”).

In view of the above, the second amended complaint’s second cause of action is ripe for adjudication and the Companies’ motion to dismiss should be denied.

### III. CONCLUSION

For the reasons set forth above, the plaintiff, MAPFRE PRAICO Insurance Company, respectfully requests that the Court deny the Companies’ motion to dismiss (ECF No. 39). The claims are not time-barred, and the second cause of action is indeed ripe for adjudication.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico this 19th day of September 2025.

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