



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Fifteenth Congress
Second Regular Session

HOUSE BILL NO. 5066

Introduced by Honorable Carlos M. Padilla

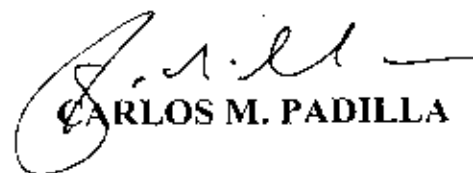
EXPLANATORY NOTE

Under the Insurance Code, any land transportation operator or owner of a motor vehicle is required to secure a Compulsory Motor Vehicle Liability Insurance (CMVLI) or guaranty in cash or surety bond in order to register or renew the registration of the motor vehicle. The insurance is intended to indemnify for the death or bodily injury of the third party or passenger in case of accident arising from the use of the motor vehicle.

Since the insurance mandated by the Insurance Code is limited only to third party liability, many vehicle owners opt to get a comprehensive insurance coverage in order to include in the coverage the damage on the vehicle. However, under the comprehensive insurance, the owner of the motor vehicle is required to pay a participation fee as a share of the owner of the insured vehicle in the cost of the repair or replacement of parts of the damaged vehicle to be computed based on the rate of depreciation and age of the vehicle. The practice of insurance companies in making the owner of the motor vehicle pay the participation fee should be put to an end.

Under the proposed bill, the payment of participation fees for the replacement of accessories and parts or repair of the vehicle will no longer be required especially if the damage sustained by the vehicle was caused by another vehicle. It is unfair on the part of the owner of the motor vehicle to pay participation fee for the repair of the motor vehicle when in fact the damage was a result of an accident not of his own doing. Any claim for damage sustained by a motor vehicle covered by comprehensive insurance will be against its insurer without prejudice to the right of the party paying the claim to recover against the owner or insurer of the motor vehicle responsible for the accident.

In view of the foregoing, approval of this bill is highly recommended.


CARLOS M. PADILLA



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AN ACT
DISALLOWING THE PAYMENT OF PARTICIPATION FEES IN
COMPREHENSIVE INSURANCE COVERAGE, AMENDING FOR THE
PURPOSE PRESIDENTIAL DECREE NO. 612, OTHERWISE KNOWN
AS THE "PHILIPPINE INSURANCE CODE"

Be it enacted by the Senate and House of Representatives of the Philippines in Congress Assembled:

SECTION 1. Section 378 of Presidential Decree No. 612 is amended to read as follows:

"SEC. 378. Any claim for death or injury to any passenger or third party pursuant to the provisions of this Chapter shall be paid without the necessity of proving fault or negligence of any kind: *Provided*, That for purposes of this section —

- | | | | |
|-------|---|---|---|
| (i) | x | x | x |
| (ii) | x | x | x |
| (iii) | x | x | x |

IN CASE OF ANY DAMAGE SUSTAINED BY A
MOTOR VEHICLE COVERED BY COMPREHENSIVE

INSURANCE, THE CLAIM SHALL LIE AGAINST THE INSURER OF THE VEHICLE WITHOUT PREJUDICE TO THE RIGHT OF THE PARTY PAYING THE CLAIM TO RECOVER AGAINST THE OWNER OR INSURER OF THE MOTOR VEHICLE RESPONSIBLE FOR THE ACCIDENT.

THE COMPREHENSIVE INSURANCE SHALL NOT REQUIRE THE OWNER OF THE DAMAGED VEHICLE TO PAY ANY PARTICIPATION FEE FOR THE COST OF THE REPAIR OR THE REPLACEMENT OF PARTS THEREOF: *PROVIDED*, THAT THE DAMAGE SUSTAINED WAS NOT DUE TO THE FAULT OR NEGLIGENCE OF THE OWNER OR AUTHORIZED DRIVER OF THE DAMAGED MOTOR VEHICLE.”

SEC. 2. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in two (2) national newspapers of general circulation.

Approved,