

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 81



Introduced by REP. ANTHONY G. DEL ROSARIO

EXPLANATORY NOTE

This bill seeks to require the operators of public transport services to secure comprehensive insurance coverage for their public utility vehicles to protect victims of vehicular accidents and themselves from the high cost of damages, repairs and liability payments incurred because of collision, fire or theft.

Section 374 of the Insurance Code, as amended, compels operators of public utility vehicles to secure third party liability insurance or surety bonds in order to assure victims of vehicular accidents, immediate financial assistance or indemnity regardless of the financial capability of the operators responsible for the accident sustained. Presently, Insurance Memorandum Circular No. 4-2006 limits the third party or passenger liability for all Compulsory Motor Vehicle Liability Insurance (CMVLI) coverage to One Hundred Thousand Pesos (P100,000.00).

The proposed measure mandates all operators of public transport service to secure compulsory comprehensive insurance for their motor vehicles which shall include coverage for own damage and theft, bodily injury and property damage and passenger personal accident.

The sense of responsibility and accountability exercised by private motor vehicle owners should be similarly demanded from public land transport operators, specifically, of buses and taxicabs because they are in the business of providing service to the vast majority who depend on public transport as the cheaper means of transportation. It is the operators' paramount obligation, more than the drivers', to ensure the safety of their passengers, their vehicles, third parties and properties of third parties.

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


ANTHONY G. DEL ROSARIO

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HOUSE BILL NO. 81

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AN ACT
MANDATING ALL PUBLIC UTILITY VEHICLE OPERATORS TO SECURE
COMPULSORY COMPREHENSIVE INSURANCE COVERAGE FOR THEIR MOTOR
VEHICLES AND PROVIDING PENALTIES FOR VIOLATION THEREOF

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

SECTION 1. *Short Title.* – This Act shall be known as the “*Public Utility Vehicles’ Comprehensive Insurance Act.*”

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to afford protection and ensure the safety of its citizens, particularly the passengers of public transport services, vehicles and properties, from the risks of vehicular accidents, fire or theft. Towards this end, the State shall mandate the public utility vehicle operators to secure compulsory comprehensive insurance coverage for their motor vehicles in order to defray the high cost of damages, repairs and liability payments incurred because of collision, fire or theft.

SEC. 3. *Definition of Terms.* – As used in this Act:

a) “*Passenger*” refers to any fare paying person being transported and conveyed in and by a motor vehicle for transportation of passengers for compensation, including persons expressly authorized by law or by the vehicle’s operator or his agents to ride without fare;

b) “*Public utility vehicle*” refers to a motor vehicle, either a taxicab, public utility jeepney (PUJ), public utility bus (PUB), except tricycle or motorcycle, used to ferry passengers from their point of origin to their destination;

c) “Operator” refers to any person who has been issued a Certificate of Public Convenience by the Land Transportation Franchising and Regulatory Board (LTFRB) to operate a public transport service for compensation and for a covered period of time; and

d) “Compulsory Comprehensive Insurance Coverage” refers to auto insurance protection that covers the insured driver and vehicle, the third party driver and vehicle, and third party property in case of collision, fire or theft.

SEC. 4. *Compulsory Comprehensive Insurance Coverage.* – Notwithstanding the requirement of securing a compulsory motor vehicle liability insurance as a condition precedent for vehicle registration under Section 374 of the Insurance Code, all operators of public transport service shall be required to secure a comprehensive insurance coverage for their motor vehicles, particularly:

a) Own Damage and Theft – Coverage against theft, loss or accidental damage to the vehicle;

b) Voluntary Third Party Liability (VTPL) – Coverage up to a particular amount that is applied after exhausting the limited liability amount of P100,000.00 as provided under the compulsory third party liability insurance, including:

(1) Bodily Injury – reimbursement of medical costs for victims of the vehicular accident.

(2) Property Damage – liability for property damage caused by the insured vehicle against a third party vehicle or property; and

c) Passenger Personal Accident – Coverage against death or bodily injury sustained by passengers of the insured vehicle due to accidents while riding the insured vehicle.

SEC. 5. *Penal Provision.* – Any operator of public transport service who violates any provision of this Act shall, upon conviction, suffer the penalty of a fine of not less than Ten Thousand Pesos (P10,000.00) but not more than Fifty Thousand Pesos (P50,000.00) and suspension of the franchise to operate until such time that the

operator shall have complied with the requirement of securing a compulsory comprehensive insurance coverage for their motor vehicles.

SEC. 6. *Implementing Rules and Regulations.* – The Chairman of the Land Transportation Office (LTO) shall, in coordination with the Chairman of the Land Transportation Franchising and Regulatory Board (LTFRB) and the Commissioner of the Insurance Commission, issue the necessary rules and regulations for the effective implementation of this Act.

SEC. 7. *Repealing Clause.* – Sections 374 and 376 of the Insurance Code, as amended, and all other laws, decrees, orders, rules and regulations, or parts thereof, inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 8. *Effectivity.* – This Act shall take effect fifteen (15) days after publication in the Official Gazette or in two (2) national newspapers of general circulation.

Approved,