

SIXTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
First Regular Session

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HOUSE OF REPRESENTATIVES
H. No. 2292

Introduced by **Teodorico T. Haresco Jr.**

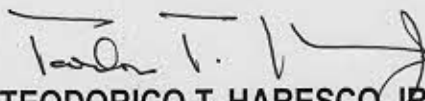
EXPLANATORY NOTE

In 2009, Typhoon "Ondoy" and "Pepeng" claimed not only hundreds of lives, but also destroyed number of properties costing billions of pesos. In infrastructure alone, "Ondoy" damaged Php 3.8 billion worth of properties, while damages brought by "Pepeng" amounted to Php 1.09 billion.¹ Moreover, in 2012, another disaster "Habagat" brought damage to property amounting to Php 2.26 billion, including Php 639 million in infrastructure and Php 1.62 billion in agriculture.²

Consequently, insurance claims reached billions of pesos right after the devastating typhoons. According to the National Insurance Commission (NIC) Commissioner Eduardo Malinis, Philippine Insurers and Reinsurers Association (PIRA) estimated that there were about Php 11 billion worth of property claims from the victims of the typhoons and another Php 1 billion from motor vehicles. Unfortunately, some insurance companies used the "Acts of God" clause in insurance policy to avoid payments to insured car owners, leaving comprehensive insurance plan holders helpless in the midst of enormous losses, despite the fact that their motor vehicles are covered by comprehensive insurance policy.

This bill seeks to propose that in case of a comprehensive motor vehicle insurance, no policy shall be issued and delivered in the Philippines unless it contains in substance the provision that comprehensive motor vehicle insurance shall cover all fortuitous events, such as floods, landslides, typhoon, volcanic eruptions, earthquakes and other related natural calamities provided that the accident, loss, damage or liability is directly or indirectly, proximately or remotely occasioned by, contributed to by or traceable to, arising out of, or in connection with the aforementioned natural events. Such inclusion of fortuitous events in the comprehensive motor vehicle insurance shall be subject to additional fees, as may be prescribed by the Insurance Commission.

In view thereof, the passage of this bill is earnestly sought.


TEODORICO T. HARESCO JR.
Representative

¹ National Disaster Coordinating Council Report as of 13 October 2009.

² GMA News Network. Retrieved from <http://www.gmanetwork.com/news/story/269591/news/nation/death-toll-from-monsoon-nears-100-damage-to-property-jumps-to-p2-263-b>

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AN ACT
AMENDING SECTION 385 OF PRESIDENTIAL DECREE NO. 1460, AS AMENDED BY
PRESIDENTIAL DECREE 1455, OTHERWISE KNOWN AS THE INSURANCE CODE OF THE
PHILIPPINES

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

1 SECTION 1. Section 385 of Presidential Decree 1460 otherwise known as the Insurance
2 Code, as amended by Presidential Decree 1455, is hereby amended to read as follows:

3 "Section, 385, The insurance company concerned shall forthwith ascertain the truth
4 and extent of the claim and make payment within five working days after reaching, an
5 agreement. If no agreement is reached, the insurance company shall pay only the "no fault"
6 indemnity provided in section three hundred seventy-eight without prejudice to the claimant
7 from pursuing his claim further, in which case, he shall not be required or compelled by the
8 insurance company to execute any quit-claim or document releasing it from liability under
9 the policy or insurance or surety bond issued,"

10 IN CASE OF A COMPREHENSIVE MOTOR VEHICLE INSURANCE, NO POLICY
11 SHALL BE ISSUED AND DELIVERED IN THE PHILIPPINES UNLESS IT CONTAINS IN
12 SUBSTANCE, THE PROVISION THAT COMPREHENSIVE MOTOR VEHICLE
13 INSURANCE SHALL COVER ALL FORTUITOUS EVENTS, SUCH AS FLOODS,
14 LANDSLIDES, TYPHOON, VOLCANIC ERUPTIONS, EARTHQUAKES, AND OTHER
15 RELATED NATURAL CALAMITIES, PROVIDED THAT THE ACCIDENT, LOSS, DAMAGE
16 OR LIABILITY IS DIRECTLY OR INDIRECTLY, PROXIMATELY OR REMOTELY
17 OCCASIONED BY, CONTRIBUTED TO BY OR TRACEABLE TO, ARISING OUT OF, OR
18 IN CONNECTION WITH THE AFOREMENTIONED NATURAL EVENTS.

1 SUCH INCLUSION OF FORTUITOUS EVENTS IN THE COMPREHENSIVE
2 MOTOR VEHICLE INSURANCE SHALL BE SUBJECT TO ADDITIONAL FEES, AS MAY
3 BE PRESCRIBED BY THE INSURANCE COMMISSION.

4 In case of any dispute in the enforcement of the provisions of any policy issued
5 pursuant to this Chapter, the adjudication of such dispute shall be within the original and
6 exclusive jurisdiction of the Commissioner, subject to limitations provided in section four
7 hundred sixteen."

8 SECTION 2. *Repealing Clause.* All laws, executive orders, rules and regulations or any part
9 thereof inconsistent herewith are deemed repealed, modified or amended accordingly,

10 SECTION 3. *Separability Clause.* In case any provision of this Act is declared
11 unconstitutional or invalid, the other provisions hereof which are not affected thereby shall
12 continue in full force and effect.

13 SECTION 4. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in
14 two (2) national newspapers of general circulation.

15 *Approved,*