

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4431



Introduced by Representative Harlin Neil J. Abayon III

EXPLANATORY NOTE

The Philippines is one of the most disaster-prone countries in the world. Based on the recent study of the Center for Research and Epidemiology of Disasters in Belgium, the Philippines topped the list of countries most struck by natural disasters in 2009 with 25, most of which are typhoons, floods and landslides. The study mentioned that the country suffered from tropical storm “Ondoy” (Ketsana) and typhoons “Pepeng” (Parma) and “Kiko” (Morakot) in terms of mortality and damage to property. The National Disaster Coordinating Council reported that the amount of damage to property reached P10.95 Billion and P27.29 Billion caused by typhoons “Ondoy” and “Pepeng”.

During the typhoons, thousands of motor vehicles were swept away by floods or buried by landslides, rendering these vehicles inoperative and in many instances, beyond repair. Owners of water-damaged motor vehicles filed insurance claims amounting to billions of pesos only to learn that their policies do not cover “Acts of God” or “Acts of Nature”.

Thus, to prevent such huge losses to car owners, this bill seeks to make it compulsory the inclusion of all “Acts of God” or fortuitous events, such as floods, landslides, typhoons, volcanic eruptions, earthquakes and other related calamities, in the comprehensive motor vehicle insurance policies, subject to additional fees, as may be prescribed by the Insurance Commission. If passed, the legislation will assist and ease the burden of the affected motor vehicle owners.


HARLIN NEIL J. ABAYON III
Representative
AANGAT TAYO Party-list

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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:

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

“Section 385. The insurance company concerned shall forthwith ascertain the truth and extent of the claim and make payment within five working days after reaching an agreement. If no agreement is reached, the insurance company shall pay only the “no fault” indemnity provided in section three hundred seventy-eight without prejudice to the claimant from pursuing his claim further, in which case, he shall not be required or compelled by the insurance company to execute any quit-claim or document releasing it from liability under the policy or insurance or surety bond issued.” **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 case of any dispute in the enforcement of the provisions of any policy issued pursuant to this Chapter, the adjudication of such dispute shall be within the original and exclusive jurisdiction of the Commissioner, subject to limitations provided in section four hundred sixteen.”

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

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

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

Approved,