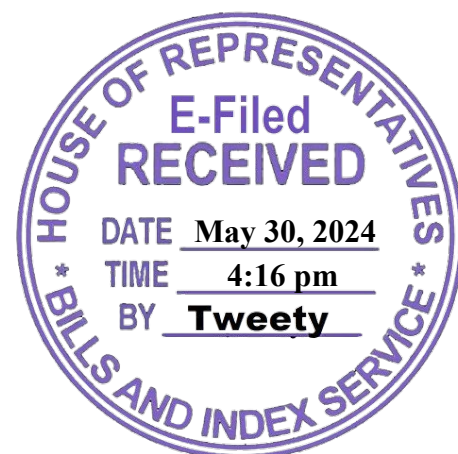


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 10497



Introduced by **Representative Wilbert T. Lee**

**AN ACT PROVIDING COMPREHENSIVE AND RESPONSIVE INDEMNITIES
UNDER COMPULSORY VEHICLE LIABILITY INSURANCE, AMENDING
SECTIONS 390, 391, 397, and 398 OF THE INSURANCE CODE**

EXPLANATORY NOTE

Vehicular accidents, together with liability and injuries arising therefrom, are everywhere. Road crash casualties are prevalent in Luzon, next in Mindanao, and last in Visayas.¹ In 2016, the estimated number of serious injuries caused by road accidents was 190,350 leading to a cost of \$12,410,000.² The Metropolitan Manila Development Authority (MMDA) reported 58,447 road accidents during 2021; 57,179 in 2022; and 44,493 in the first 7 months of 2023.³ According to a study, road crash patients mostly involve drivers, pedestrians, and passengers with multiple injuries.⁴ As stated by the World Health Organization (WHO) Representative to the Philippines, "Road traffic injuries are a major yet often neglected public health issue".

A road crash accident entails injuries to the person and property. For this bill, the lens shall be focused on damage to persons. The Philippine Road Safety Action Plan (PRSAP) provides that five pillars are the following: (1) Road safety management, (2) Safer road, (3) Safer vehicles, (4) Safer road users, and (5) Post-crash response. The fifth pillar includes ensuring that road crash victims receive appropriate, immediate, and subsequent medical care. This bill is in view that Compulsory Motor Vehicle Liability Insurance plays a crucial role in securing the fifth pillar of the PRSAP.

¹ Rappler, 'IN NUMBERS: Road crash incidents in the Philippines', 12 April 2017, available at <https://www.rappler.com/newsbreak/in-depth/166151-road-crashes-philippines-awareness-safety/>.

² World Bank Group, Road Safety Country Profile.

³ Inquirer, 'Metro Manila vehicle crashes averaging 156 daily', 21 December 2022.

⁴ Lu JL, Herbosa TJ, Lu SFD. Epidemiologic Profile of Vehicular Accident Patients in the Largest Hospital in the Philippines Covering Ten Years. *Acta Med Philipp* [Internet]. 2021Sep.22 [cited 2024Mar.6];55(6). Available from: <https://actamedicaphilippina.upm.edu.ph/index.php/acta/article/view/3412>.

Section 389 of the Insurance Code provides that no motor vehicle may be registered or renewed for registration without proving that it has acquired an insurance referred to as Compulsory Motor Vehicle Liability Insurance (CMVLI). The purpose of CMVLI is to provide compensation for death or bodily injuries suffered by third parties or passengers in a road crash accident caused by the operation of motor vehicles.

CMVLI assures the dependents of immediate financial assistance regardless of the financial capacity of the motor vehicle owners.⁵ One of its features is immediate aid or benefit. Its accessibility only requires the filing of written notice within six (6) months from the date of the accident claim to the insurer with the nature, extent, and duration of the injuries as certified by a duly licensed physician.⁶ The insurance company shall make payment within five (5) days after reaching an agreement. Shall there be no agreement, the no-fault indemnity must be paid by the insurer. To claim for no-fault indemnity, the requirements are only the following: (1) Police report of the accident and (2) Death certificate and evidence sufficient to establish the proper payee, or (3) Medical report and evidence of medical or hospital disbursement in respect of which refund is claimed. There is no need to prove negligence in claiming the same.⁷ The procedure for claiming indemnity for injury is easier because there is no need to go to court which requires more paperwork. This can also be filed by the driver himself for the claims of the third-party victims or the victims themselves.⁸

The claims for CMVLI are limited to the indemnities provided under the insurance memorandum as provided by the insurance commissioner.⁹ The Insurance Memorandum 2024-01 (IMC 2024-01) dated 07 February 2024 was issued which doubled the amount of death indemnity amounting to P200,000 and no-fault indemnity to P30,000.¹⁰ The purpose is to make it more responsive to the welfare and development needs of the individuals who are victims of vehicular incidents or mishaps. However, only the death and no-fault indemnity were raised, and the indemnity for bodily injuries and permanent disablement were not included. In view of that, CMVLI must be more responsive to the needs of road accident victims by providing updated indemnities for death, bodily injuries, and permanent disablement.

The bill seeks to include more comprehensive benefits that will be responsive to the needs of road accident victims and means of payment by owners and/or operators to indemnify for such injuries and immediate action from the insurer. As discussed above, the indemnity for bodily injuries and permanent disablement has not been raised since 2006 despite the evident difference in the hospital and medical expenses from 2006 to 2024. To be more responsive, it must be able to keep up with the development and increase of medical expenses. In coordination with the Department of Health (DOH), and its expertise, the Insurance Commission will be able to formulate updated and more responsive benefits, especially for bodily injuries and permanent disablement.

⁵ G.R. No. 203060, *Malayan Insurance Company vs. Stronghold Insurance Company, Inc.*, June 28, 2021.

⁶ RA 10607, Sec. 398.

⁷ Republic Act No. 10607, Section 391.

⁸ *Shafer vs. RTC Judge of Olongapo City*, Br. 75, November 14, 1988.

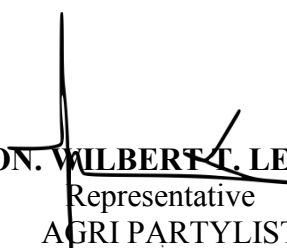
⁹ RA 10607, Section 437.

¹⁰ Philstar, 'Insurance commission Oks doubling of vehicular accident indemnity claims', 13 February 2024, available at <https://www.philstar.com/headlines/2024/02/13/2332937/insurance-commission-oks-doubling-vehicular-accident-indemnity-claims>.

The 1987 Constitution provides that the State shall promote social justice in all phases of national development.¹¹ Social justice is defined as one founded on the recognition of the necessity of interdependence among diverse units of society and of the protection that should be equally and evenly extended to all groups with the view in mind of the paramount objective of the state of promoting the health and comfort of all persons.¹² Victims and drivers or operators, regardless of social standing, deserve security from liability for injuries suffered in vehicular accidents. In addition, Section 10 of the 1987 Constitution provides that the State values the dignity of every human person and guarantees full respect for human rights.

In general, CMVLI is a great tool for the government to secure responsive benefits for victims of road vehicle accidents and driver's liability. Since CMVLI covers all the vehicles as it is required for registration and renewal, it means that if not all, but most of all road accidents will be covered. Moreover, the CMVLI serves as an opportunity to comply with the fifth pillar of the Philippine Safety Plan as it ensures that road crash victims receive appropriate, immediate, and subsequent medical care.

In view of the foregoing, the approval of this bill is earnestly sought.


HON. WILBERT T. LEE
Representative
AGRI PARTYLIST

¹¹ 1987 Constitution, Article II, Section 10.

¹² Calalang vs. Williams, G.R. No. 47800, December 2, 1940.

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

1
2 **Section. 1. Short Title.** This Act shall be known as the “*Comprehensive and Responsive*
3 *CMVLI Benefits Act*”

4 **Sec. 2. Declaration of Policy.** It is hereby declared to the policy of the State, in
5 accordance with the Constitution, that the State shall promote social justice in all phases of
6 national development,¹³ and the State values the dignity of every human person and guarantees
7 full respect for human rights.¹⁴

8 The State recognizes that Compulsory Motor Vehicle Liability Insurance (CMVLI) is
9 crucial in ensuring that the victims of vehicular accidents as well as drivers and/or operators
10 on the liability arising from injuries are secured by responsive and comprehensive benefits.
11 The coverage of CMVLI secures most, if not all, of the victims of vehicular accidents since it
12 is required for motor vehicle registration and renewal of registration. CMVLI guarantees and

¹³ 1987 Constitution, Article II, Section 10.

¹⁴ 1987 Constitution, Article II, Section 11.

1 ensures that the owner and/or operators of motor vehicles have the means and resources to
2 indemnify the death or bodily injuries of the third party.¹⁵ It is hereby declared as a policy of
3 the State to provide responsive and comprehensive benefits and security for third-party victims
4 of vehicular accidents and an immediate and more efficient system of claiming.

5
6 **Sec. 3.** Section 390 of the Republic Act No. 10607, as amended, is hereby further read
7 as follows:

8 "Section 390. Every land transportation operator and every owner of a motor vehicle
9 shall, before applying for the registration or renewal of registration of any motor vehicle, at his
10 option, either secure an insurance policy or surety bond issued by any insurance company
11 authorized by the Commissioner or make a cash deposit in such amount as herein required as
12 limit of liability for purposes specified in Section 387.

13 "(a) In the case of a land transportation operator, the insurance guaranty in cash or
14 surety bond shall cover liability for death or bodily injuries of third-parties and/or passengers
15 arising out of the use of such vehicle in the amount not less than Twelve thousand pesos
16 (P12,000.00) per passenger or third-party and an amount, for each of such categories, in any
17 one accident of not less than that set forth in the following scale:

18 "(1) Motor vehicles with an authorized capacity of twenty-six (26) or more passengers:
19 Fifty thousand pesos (P50,000.00);

20 "(2) Motor vehicles with an authorized capacity of from twelve (12) to twenty-five (25)
21 passengers: Forty thousand pesos (P40,000.00);

22 "(3) Motor vehicles with an authorized capacity of from six (6) to eleven (11)
23 passengers: Thirty thousand pesos (P30,000.00);

24 "(4) Motor vehicles with an authorized capacity of five (5) or less passengers: Five
25 thousand pesos (P5,000.00) multiplied by the authorized capacity.

26 "*Provided, however,* That such cash deposit made to, or surety bond posted with, the
27 Commissioner shall be resorted to by him in cases of accidents the indemnities for which to
28 third-parties and/or passengers are not settled accordingly by the land transportation operator
29 and, in that event, the said cash deposit shall be replenished or such surety bond shall be
30 restored within sixty (60) days after impairment or expiry, as the case may be, by such land
31 transportation operator, otherwise, he shall secure the insurance policy required by this chapter.

¹⁵ Insurance Memorandum Circular No., 2024-01.

1 The aforesaid cash deposit may be invested by the Commissioner in readily marketable
2 government bonds, and/or securities.

3 "(b) In the case of an owner of a motor vehicle, the insurance or guaranty in cash or
4 surety bond shall cover liability for death or injury to third-parties in an amount not less than
5 that set forth in the following scale in any one accident:

6 "(1) Private Cars

7 "(i) Bantam: Twenty thousand pesos (P20,000.00);

8 "(ii) Light: Twenty thousand pesos (P20,000.00); and

9 "(iii) Heavy: Thirty thousand pesos (P30,000.00).

10 "(2) Other Private Vehicles

11 "(i) Tricycles, motorcycles and scooters: Twelve thousand pesos (P12,000.00);

12 "(ii) Vehicles with an unladen weight of 2,600 kilos or less: Twenty thousand pesos
13 (P20,000.00);

14 "(iii) Vehicles with an unladen weight of between 2,601 kilos and 3,930 kilos: Thirty
15 thousand pesos (P30,000.00); and

16 "(iv) Vehicles with an unladen weight over 3,930 kilos: Fifty thousand pesos
17 (P50,000.00).

18 **(c) For bodily injuries and fractures, the amount for the following items shall not**
19 **be less than what is provided in this section.**

20
21 **1) 1,000 per day for hospital rooms. *Provided*, that the maximum for hospital**
22 **stay is 90 days.**

23 **2) Surgical Expenses: 15,000 for major operation; 10,000 for medium**
24 **operation; and 3,000 for minor operation.**

25 **3) Anesthesiologist's Fees: 5,000 for major operation; 4,000 for medium**
26 **operation; and 1,000 for minor operation.**

27 **4) Operating Room: 3,000 for major operation; 2,000 for medium operation;**
28 **and 1,000 for minor operation.**

29 **5) Medical expenses such as, but not limited to, visits of the specialist or**
30 **practitioner, checkups, consultations, laboratory examination, fees, and x-**
31 **rays. 400 per day for daily visits, and 10,000 for the total amount of**
32 **medical expenses.**

33 **6) 40,000 for drugs and medicines expenses used and prescribed by the**
34 **specialist or practitioner**

1
2 **(d) For permanent disablement, the amount for the following loss of or loss of use**
3 **shall not be less than what is provided in this section.**
4

- 5 1) 100,000 for two limbs.
6 2) 100,000 for both hands, or all fingers & both thumbs.
7 3) 100,000 for both feet.
8 4) 100,000 for one hand and one foot.
9 5) 100,000 for the sight of both eyes.
10 6) 100,000 for injuries resulting in being permanently bedridden.
11 7) 100,000 for any other injury causing permanent total disablement
12 8) 40,000 for arm at or above elbow.
13 9) 30,000 for arm between elbow and wrist.
14 10) 30,000 for a hand.
15 11) 30,000 for four fingers and thumb of one hand.
16 12) 24,000 for four fingers.
17 13) 40,000 for leg at or above knee.
18 14) 30,000 for leg below knee.
19 15) 30,000 for one foot.
20 16) 20,000 for all toes of one foot.
21 17) 16,000 for thumb.
22 18) 12,000 for index finger.
23 19) 40,000 for sight of one eye.
24 20) 60,000 for hearing of both ears.
25 21) 30,000 for hearing of one ear.

26
27 **(d) For death indemnity, burial and funeral expenses, the amount shall not be less**
28 **than 200,000.**
29

30 **The Insurance Commission shall coordinate with the Department of Health to**
31 **conduct a yearly assessment of whether there is a need to provide higher indemnity to be**
32 **responsive to the needs of the victim, and operator or driver. The Commission shall**
33 **ensure that the indemnities are responsive and accurate to the actual costs for death,**
34 **bodily injuries, and permanent disablement in a vehicular accident. It shall cover most,**

1 if not all, of the cost of the aforementioned expenses. *Provided*, that the Insurance
2 Commission is not restricted to providing additional expenses not mentioned in this
3 Section.

4 "The Commissioner may, if warranted, set forth the schedule of indemnities for the
5 payment of claims for death, bodily injuries, or **permanent disablement** with the coverages
6 set forth herein. *Provided*, that the schedule of indemnities must not be lower than the
7 indemnities provided for the expenses for death, bodily injuries, and permanent
8 disablement enumerated in this Section.

9
10 **Sec. 4.** Section 391 of the Republic Act No. 10607, as amended, is hereby further read
11 as follows:

12
13 "Section 391. Any claim for death or injury to any passenger or third-party pursuant to
14 the provisions of this chapter shall be paid without the necessity of proving fault or negligence
15 of any kind: *Provided*, That for purposes of this section:

16 **"(a) The total indemnity in respect of any person shall not be less than Fifty**
17 **thousand pesos (P50,000);**

18 **"(b) The following proofs of loss, when submitted under oath, shall be sufficient**
19 **evidence to substantiate the claim:**

20 **"(1) Police report of accident; and**

21 **"(2) Death certificate and evidence sufficient to establish the proper payee; or**

22 **"(3) Medical report and evidence of medical or hospital disbursement in respect of**
23 **which refund is claimed;**

24 **"(c) Claim may be made against one motor vehicle only. In the case of an occupant of**
25 **a vehicle, claim, shall lie against the insurer of the vehicle in which the occupant is riding,**
26 **mounting or dismounting from. In any other case, claim shall lie against the insurer of the**
27 **directly offending vehicle. In all cases, the right of the party paying the claim to recover against**
28 **the owner of the vehicle responsible for the accident shall be maintained."**

29
30 **Sec. 5.** Section 397 of the Republic Act No. 10607, as amended, is hereby further read
31 as follows:

32 "Section 397. Any person having any claim upon the policy issued pursuant to this
33 chapter shall, without any unnecessary delay, present to the insurance company concerned a
34 written notice of claim setting forth the nature, extent and duration of the injuries sustained as

certified by a duly licensed physician. Notice of claim must be filed within six (6) months from the date of accident, otherwise, the claim shall be deemed waived. Action or suit for recovery of damage due to loss or injury must be brought, in proper cases, with the Commissioner or the courts within one (1) year from **receipt of the denial of the claim or failure to reach an agreement within 10 days from filing of notice**, otherwise, the claimant's right of action shall prescribe. **Provided that, the prescription period of 1 year shall not commence without the service of notice of denial or notice of no agreement to the one who filed the notice of claim.**

Sec. 6. Section 398 of the Republic Act No. 10607, as amended, is hereby further read as follows:

"Section 398. The insurance company concerned shall forthwith ascertain the truth and extent of the claim **within 10 days from the filing of the notice. The insurance company shall** make payment within five (5) working days after reaching an agreement **within 10 days from the filing of notice.** If no agreement is reached, the insurance company shall pay only the no-fault indemnity provided in Section 391 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 of insurance or surety bond issued.

"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 the limitations provided in Section 439.

Sec. 7. Non-Impairment Clause. - Nothing in this Act shall be construed as to diminish, impair, or repeal rights recognized, granted, or made available to disadvantaged, marginalized, or specific sectors under existing laws.

Sec. 8. Separability Clause. - If for any reason, any part or provision of this Act is declared invalid or unconstitutional, the remaining parts or provisions not affected thereby shall remain in full force and effect.

Sec. 9. Repealing Clause. - All laws, executive orders, presidential decrees, rules and regulations or parts thereof contrary to or inconsistent with any provisions of this Act are hereby repealed, amended, or modified accordingly.

- 1 **Sec. 10. *Effectivity.*** - This Act shall take effect fifteen (15) days after its publication in
2 the Official Gazette or in two (2) national newspapers of general circulation.
- 3 Approved,