

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

NINETEENTH (19th) CONGRESS
THIRD REGULAR SESSION

House Bill No. **11275**



Introduced by
Rep. BERNADETTE R. HERRERA

**AN ACT EXEMPTING MOTOR VEHICLE OWNERS
WITH COMPREHENSIVE INSURANCE
FROM THE COMPULSORY THIRD-PARTY LIABILITY INSURANCE REQUIREMENT,
THEREBY AMENDING REPUBLIC ACT NO. 10607 FOR THIS PURPOSE**

EXPLANATORY NOTE

This bill seeks to enhance the protection afforded to motorists, passengers, and third parties involved in vehicular accidents by requiring motor vehicle owners to secure comprehensive insurance coverage. Such coverage will protect registered vehicle owners and accident victims from the high costs of damages, repairs, and liability payments arising from collision, fire, or theft. In line with this, the measure proposes the abolition of the compulsory motor vehicle insurance on third-party liability (CTPL) in the event that the motor vehicle owner has already obtained a comprehensive motor vehicle insurance policy.

Under Section 387 of Republic Act No. 10607, otherwise known as the Amended Insurance Code, all land transportation operators or motor vehicle owners are mandated to secure motor vehicle insurance or surety bonds. The intent of this requirement is to assure victims of vehicular accidents immediate financial assistance or indemnity, regardless of the financial capability of the liable operator or owner.

However, the current implementation of CTPL insurance is outdated and insufficient. Insurance Memorandum Circular No. 2024-01 limits third-party or passenger liability under CTPL coverage to only ₱200,000. This amount is often inadequate to cover the actual costs of damages, medical expenses, and other liabilities incurred in vehicular accidents. Furthermore, CTPL claims are rarely filed, as the process is often cumbersome, riddled with bureaucratic red tape, and inaccessible to many victims.

Comprehensive insurance, on the other hand, already includes third-party liability coverage while providing broader and more robust protection. It covers own damage, theft, bodily injury, property damage, and passenger personal accidents. This type of insurance is widely available and is already availed of by most motorists. Requiring CTPL insurance on top of comprehensive coverage is therefore redundant and imposes an unnecessary financial burden on vehicle owners, particularly those who are already struggling to meet rising costs of living.

This bill proposes that all motor vehicle owners be required to secure either comprehensive insurance or third party liability insurance as a prerequisite for vehicle registration. By doing so, this measure ensures not only the protection of the registered owner and their vehicle but also the safety and financial security of passengers, third parties, and their properties.

The measure further addresses the limitations of current regulations by introducing flexibility in determining coverage amounts. Instead of a fixed schedule, the bill provides that coverage be adjusted based on principles of adequacy, affordability, industry

standards, risk factors, and inflation. This ensures that the insurance coverage remains practical and effective in mitigating the financial impact of vehicular accidents and unforeseen events.

While the principle behind requiring CTPL insurance is commendable, its redundancy when paired with comprehensive insurance negates its utility. Comprehensive insurance alone already fulfills the intent of ensuring accountability and financial security, while also streamlining the registration process and reducing the financial burden on motorists.

Finally, this bill underscores the paramount obligation of motor vehicle operators and owners to exercise responsibility and accountability. Beyond merely complying with regulations, they must ensure the safety of their passengers, their vehicles, and the general public.

In light of these considerations, the approval of this bill is earnestly sought to provide a more practical, equitable, and effective system of motor vehicle insurance that truly serves the needs of the Filipino people.


BERNADETTE "BH" HERRERA

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

Section 1. Chapter VI of Republic Act No. 10607, otherwise known as the Amended Insurance Code, is hereby amended to read as follows:

“CHAPTER VI
COMPULSORY COMPREHENSIVE MOTOR VEHICLE /
THIRD PARTY LIABILITY
INSURANCE”

Section 2. To this effect, provisions of laws relating to the compulsory requirement of availing an insurance policy pertaining to third-party liability for death or bodily injuries and damage to property arising from motor vehicle accidents, including but not limited to, Republic Act No. 10607, as amended, are hereby repealed.

Section 3. Further, Section 386 of the same Act is amended, *to wit*:

“x x x

Section 386. For purposes of this chapter:

x x x

(f) Insurance policy or Policy refers to a contract of insurance against passenger and third-party liability for death or bodily injuries and damage to property arising from motor vehicle accidents, **AS WELL AS ANY DAMAGE TO THE INSURED VEHICLE AND MEDICAL PAYMENTS FOR INJURIES SUSTAINED BY THE POLICYHOLDER OR PASSENGERS IN THE EVENT OF AN ACCIDENT ARISING FROM THE USE THEREOF.**

(G) COMPREHENSIVE MOTOR VEHICLE INSURANCE POLICY REFERS TO A TYPE OF INSURANCE THAT PROVIDES COVERAGE TO INDEMNIFY THE DEATH, BODILY INJURY, AND/OR DAMAGE TO PROPERTY OF A THIRD PARTY OR PASSENGER, AS WELL AS ANY DAMAGE TO THE INSURED VEHICLE AND MEDICAL PAYMENTS FOR INJURIES SUSTAINED BY THE POLICYHOLDER OR

PASSENGERS IN THE EVENT OF AN ACCIDENT ARISING FROM THE USE THEREOF.”

Section 4. Section 387 of RA 10607 is likewise amended to read as follows:

“SECTION 387. It shall be unlawful for any land transportation operator or owner of a motor vehicle to operate the same in the public highways unless there is in force in relation thereto a **COMPREHENSIVE MOTOR VEHICLE** ~~policy of~~ **INSURANCE POLICY, or THIRD PARTY LIABILITY INSURANCE POLICY** ~~[or guaranty in cash or surety bond]~~ issued in accordance with the provisions of this chapter to indemnify the death, bodily injury, and/or damage to property of a third-party or passenger, ~~[as the case may be, arising from the use thereof.]~~ **AS WELL AS ANY DAMAGE TO THE INSURED VEHICLE AND MEDICAL PAYMENTS FOR INJURIES SUSTAINED BY THE POLICYHOLDER OR PASSENGERS IN THE EVENT OF AN ACCIDENT ARISING FROM THE USE THEREOF.”**

Section 5. Section 388 of the same law is likewise amended to read as follows:

“SECTION 388. The Commissioner shall furnish the Land Transportation Office with a list of insurance companies authorized to issue **COMPREHENSIVE MOTOR VEHICLE INSURANCE POLICIES, or THIRD PARTY LIABILITY INSURANCE POLICIES,** or ~~[the policy of insurance or surety bond]~~ required by this chapter.”

Section 6. Moreover, Section 389 of the same law is hereby amended to read as follows:

“SECTION 389. The Land Transportation Office shall not allow the registration or renewal of registration of any motor vehicle without first requiring from the land transportation operator or motor vehicle owner concerned the presentation and filing of a substantiating documentation in a form approved by the Commissioner evidencing that the ~~[policy of insurance or guaranty in cash or surety bond]~~ **COMPREHENSIVE MOTOR VEHICLE INSURANCE POLICY or THIRD PARTY LIABILITY INSURANCE POLICY** required by this chapter is in effect.”

Section 7. Further, Section 390 of the same law is amended, *to wit*:

“SECTION 390. Every land transportation operator and every owner of a motor vehicle shall, before applying for the registration or renewal of registration of any motor vehicle, at his option, either secure **COMPREHENSIVE MOTOR VEHICLE INSURANCE POLICY or THIRD PARTY LIABILITY INSURANCE POLICY** ~~an insurance policy or surety bond issued by any insurance company authorized by the Commissioner or make a cash deposit in such amount as herein required as limit of liability~~ for purposes specified in Section 387.

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

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

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

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

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

~~Provided, however, That such cash deposit made to, or surety bond posted with, the Commissioner shall be resorted to by him in cases of accidents the indemnities for which to third parties and/or passengers are not settled accordingly by the land transportation operator and, in that event, the said cash deposit shall be replenished or such surety bond shall be restored within sixty (60) days after impairment or expiry, as the case may be, by such land transportation operator, otherwise, he shall secure the insurance policy required by this chapter. The aforesaid cash deposit may be invested by the Commissioner in readily marketable government bonds, and/or securities.~~

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

~~(1) Private Cars~~

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

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

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

~~(2) Other Private Vehicles~~

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

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

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

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

~~The Commissioner may, if warranted, set forth schedule of indemnities for the payment of claims for death or bodily injuries with the coverages set forth herein.]~~

THE COMPREHENSIVE MOTOR VEHICLE INSURANCE POLICY OR THIRD PARTY LIABILITY INSURANCE POLICY SHALL COVER LIABILITY FOR DEATH OR BODILY INJURIES OF THIRD PARTIES AND PASSENGERS, AS WELL AS ANY DAMAGE TO THE INSURED VEHICLE AND MEDICAL PAYMENTS FOR INJURIES SUSTAINED BY THE POLICYHOLDER OR PASSENGERS IN THE EVENT OF AN ACCIDENT ARISING FROM THE USE OF SUCH VEHICLE, IN THE COVERAGE AMOUNTS TO BE DETERMINED BY THE COMMISSIONER IN ACCORDANCE WITH THE FOLLOWING PRINCIPLES:

(A) ADEQUACY. – THE COVERAGE AMOUNT SHOULD BE SUFFICIENT TO PROVIDE FOR THE POTENTIAL FINANCIAL LOSSES THAT MAY RESULT FROM AN ACCIDENT INVOLVING THE INSURED VEHICLE.

(B) AFFORDABILITY. – THE COVERAGE AMOUNT SHOULD BE REASONABLY PRICED, SO THAT IT IS AFFORDABLE FOR THE MAJORITY OF VEHICLE OWNERS AND OPERATORS.

(C) INDUSTRY STANDARDS. – THE COVERAGE AMOUNT SHOULD BE IN LINE WITH INDUSTRY STANDARDS AND COMPARABLE TO WHAT IS OFFERED BY INSURANCE PROVIDERS IN THE MARKET.

(D) RISK FACTORS. – THE COVERAGE AMOUNT SHOULD TAKE INTO ACCOUNT THE RISK FACTORS ASSOCIATED WITH DIFFERENT TYPES OF VEHICLES, SUCH AS THE SIZE AND CAPACITY OF THE VEHICLE, AS WELL AS THE INTENDED USE OF THE VEHICLE.

(E) INFLATION. – THE COVERAGE AMOUNT SHOULD BE ADJUSTED ACCORDINGLY TO INFLATION, TO ENSURE THAT IT REMAINS ADEQUATE OVER TIME.

(F) REASSESSMENT. – THE COVERAGE AMOUNT SHOULD BE REASSESSED REGULARLY AND ADJUSTED AS NECESSARY, TAKING INTO ACCOUNT CHANGES IN THE VEHICLE POPULATION AND ACCIDENT STATISTICS. THE COMMISSIONER SHALL ISSUE THE IMPLEMENTING REGULATION FOR THIS SECTION WITHIN SIX (6) MONTHS FROM THE EFFECTIVITY OF THIS PROVISION.”

Section 8. There shall also be created and inserted after Section 390 of RA 10607 to read as follows:

“SECTION 390-A. AFFORDABILITY REQUIREMENT. –

(A) EVERY INSURANCE COMPANY THAT OFFERS MANDATORY COMPREHENSIVE MOTOR VEHICLE INSURANCE POLICY OR THIRD PARTY LIABILITY INSURANCE POLICY IN ACCORDANCE WITH SECTION 390 SHALL MAKE EVERY REASONABLE EFFORT TO ENSURE THAT THE OFFERED MOTOR VEHICLE INSURANCE POLICIES ARE AFFORDABLE, TAKING INTO CONSIDERATION THEIR INCOME LEVEL AND OTHER FACTORS PROVIDED IN THIS PROVISION.

(B) IN ORDER TO BE CONSIDERED AFFORDABLE, AN INSURANCE POLICY SHALL NOT EXCEED A SPECIFIED PERCENTAGE OF AN INDIVIDUAL OR FAMILY’S ANNUAL INCOME, AS DETERMINED BY THE COMMISSIONER, IN CONSULTATION WITH THE INSURANCE COMMISSION. IN ORDER TO DETERMINE WHAT PERCENTAGE OF AN INDIVIDUAL OR FAMILY’S ANNUAL INCOME AN INSURANCE POLICY SHOULD NOT EXCEED, THE COMMISSIONER SHALL CONSIDER FACTORS SUCH AS THE MEDIAN INCOME LEVEL, THE COST OF LIVING, AND THE AVERAGE COST OF MOTOR VEHICLE INSURANCE IN THE REGION.

(C) FOR PURPOSES OF ENSURING AFFORDABILITY FOR ALL MOTOR VEHICLE OWNERS, THE COMMISSIONER MAY ALSO

CONSIDER THE FOLLOWING FACTORS WHEN SETTING INSURANCE RATES:

- I. AGE, DRIVING RECORD, AND OCCUPATION OF THE VEHICLE OWNER;
- II. TYPE OF VEHICLE;
- III. GEOGRAPHIC LOCATION;
- IV. CREDIT SCORE OR CREDIT BEHAVIOR OF THE VEHICLE OWNER; AND
- V. ANY OTHER RELEVANT FACTORS DETERMINED BY THE COMMISSIONER.

(D) THE COMMISSIONER SHALL HAVE THE AUTHORITY TO ESTABLISH A PROGRAM TO ASSIST LOW INCOME INDIVIDUALS IN OBTAINING AND MAINTAINING INSURANCE COVERAGE.

(E) INSURANCE COMPANIES PROVIDING MANDATORY COMPREHENSIVE MOTOR VEHICLE INSURANCE AND THIRD PARTY LIABILITY INSURANCE POLICY IN ACCORDANCE WITH SECTION 390 SHALL EXPLORE PRACTICAL AND FINANCIALLY FEASIBLE INSURANCE OFFERINGS FOR LOW-END VEHICLES, DEPRECIATED VEHICLES, AND SUCH OTHER VEHICLES THAT ARE NORMALLY EXCLUDED FROM MOTOR VEHICLE INSURANCE OFFERINGS IN THE MARKET. SUCH COMPANIES ARE ENCOURAGED TO BUNDLE THEIR OFFERINGS WITH CREDIT ARRANGEMENTS FROM ACCREDITED LENDING COMPANIES, FINANCING COMPANIES, AND OTHER CONSUMER CREDIT INSTITUTIONS.”

Section 9. *Implementing Rules and Regulations.* The Land Transportation Office (LTO), shall issue within ninety (90) days from the effectivity of this Act, the rules and regulations necessary to effectively implement its provisions.

Section 10. *Separability Clause.* If, for any reason, any portion or provisions of this Act is declared unconstitutional, the remainder of this Act or any provision not affected thereby shall remain in full force and effect.

Section 13. *Repealing Clause.* All laws, executive orders, proclamations, rules, regulations, and other issuances or parts inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

Section 14. *Effectivity.* This Act shall take effect fifteen (15) days following its complete publication in the *Official Gazette* or a newspaper of general circulation.

Approved,