

TWENTIETH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 10005



Introduced by Rep. CARMELO G. LAZATIN, JR.

AN ACT
PROHIBITING THE IMPOSITION OR COLLECTION OF PARTICIPATION FEES IN
MOTOR VEHICLE COMPREHENSIVE INSURANCE CLAIMS, AND FOR OTHER
PURPOSES

EXPLANATORY NOTE

A motor vehicle comprehensive insurance policy protects vehicle owners against financial loss from damage to or loss of the insured vehicle due to accidents, theft, fire, and natural disasters, subject to the terms and conditions of the policy.

In practice, many motor vehicle comprehensive insurance policies require the insured to pay a “participation fee” or “deductible” for every claim, which may range from Two Thousand Pesos (P2,000.00) to Five Thousand Pesos (P5,000.00) or higher depending on the policy. While risk-sharing mechanisms may be used in insurance pricing, participation fees may operate to unduly reduce the actual benefit received by the insured, particularly where the loss was caused by another motor vehicle.

This bill seeks to protect consumers by prohibiting the imposition and collection of participation fees (deductibles) in motor vehicle comprehensive insurance, ensuring transparency, fairness, and the availability of prompt indemnification, while recognizing the regulatory authority of the Insurance Commissioner.

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

A handwritten signature in black ink, appearing to read "Carmelo Lazatin, Jr.".

CARMELO G. LAZATIN, JR.



**Republic of the Philippines
House of Representatives**

Quezon City, Metro Manila

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

Section 1. Insertion of a New Section in the Insurance Code. –

A new section is hereby inserted in Republic Act No. 10607, otherwise known as “The Insurance Code,” to be numbered as Section 391-A, immediately after Section 391 thereof, to read as follows:

“SEC. 391-A. Prohibition on Participation Fee in Motor Vehicle Comprehensive Insurance. — *The owner of a damaged motor vehicle covered by motor vehicle comprehensive insurance shall not be required to pay any participation fee (deductible) for the cost of repair or the replacement of parts thereof.*

Any claim for damage sustained by a motor vehicle covered by motor vehicle comprehensive insurance shall be charged against the insurer, and shall be paid without requiring the insured to pay, advance, or shoulder any participation fee, and without deducting any participation fee from the proceeds of the claim, without prejudice to

1 *the right of the party paying the claim to recover against the owner or*
2 *insurer of the motor vehicle responsible for the accident*

3
4 *For purposes of this section, “participation fee” or “deductible” refers to any*
5 *amount required to be paid, advanced, shouldered, or deducted from the proceeds*
6 *of the claim by the insured as a condition for the processing, approval, or payment*
7 *of a claim for repair or replacement of parts.*

8
9 *Section 2. Separability Clause.* – If any provision of this Act is declared unconstitutional
10 or invalid, the other provisions not affected shall remain in full force and effect.

11
12 *Section 3. Repealing Clause.* – All laws, decrees, executive orders, rules or regulations, or
13 parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

14
15 *Section 4. Effectivity Clause.* – This Act shall take effect fifteen (15) days after its
16 publication in the Official Gazette or in a newspaper of general circulation.

17
18 Approved,