

LETTER OF INSTRUCTIONS NO. 291, July 08, 1975

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TO :

The Secretary of Finance
The Insurance Commissioner
The Chairman, Board of Transportation
The Chairman, Land Transportation Commission
The Chief, Philippine Constabulary
1. Integrated National Police Forces (all levels)
2. Constabulary Highway Patrol Group

SUBJECT :

Effectivity of 'Compulsory Motor Vehicle Liability Insurance' under P.D. No. 612.

Pursuant to Proclamation No. 1081 dated September 21, 1972 and in order to provide some sufficient time for —

- 1) non-life insurance companies authorized at present to engage in the casualty insurance line of business, aware of their duty and obligation to extend the compulsory insurance coverage required but incapable to do so individually and independently considering the underwriting pitfalls attendant to the enormous risk involved coupled with the need of continuous coverage, to organize and form a Pool among themselves and combine their facilities and resources to discharge effectively such duty and obligation;
- 2) such insurance companies also to establish adequate insurance premium rates, devise the terms and conditions of the corresponding policy contracts, and set up such underwriting mechanics as may be necessary for the purpose;
- 3) land transportation operators to make adjustment in their fiscal and budgetary setups on the additional overhead of premium payments for the required insurance cover;
- 4) owners of private motor vehicles to prepare likewise to meet similar premium payments on the compulsory of their units;
- 5) the Board of Transportation and the Land Transportation Commission to modify as may be necessary their respective administrative rules on the procedure of registration of motor vehicle units and renewal thereof;
- 6) the Insurance Commission to promulgate the necessary implementing rules and regulations on the matter subject to the approval of the Secretary of Finance; and
- 7) the Chief of the Philippine Constabulary to disseminate the rules and regulations to be promulgated among members of the Police Integrated Forces on all levels, as well as those of the Constabulary Highway Patrol Group,

charged with the duty to enforce traffic laws and investigate traffic accidents,

it is hereby directed that effectivity of all provisions under Chapter VI captioned, "Compulsory Motor Vehicle Liability Insurance," Presidential Decree No. 612, otherwise known as the Insurance Code, are suspended until June 30, 1975.

The registration of motor vehicles and renewal thereof may proceed accordingly without, in the meantime, requiring the presentation and filing of a substantiating documentation prescribed under aforementioned chapter of the code until June 30, 1975. Thereafter, or beginning July 1, 1975, such presentation and filing shall be required of new applicants prior to registration of their motor vehicle units. In the case of those already registered, however, such requirement shall be complied with by the owners or operators upon renewal of registration beginning January 1, 1976.

To avoid any economic dislocation in the business of land transportation operators and notwithstanding the provisions of Section 77 of the Code, such operators may pay the premiums on the necessary insurance cover so procured on quarterly basis.

DONE in the City of Manila, this 8th day of July, 1975.

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