REVISED GUIDELINES ON MANDATORY INSURANCE POLICIES FOR MOTOR VEHICLES AND PERSONAL PASSENGER ACCIDENT INSURANCE FOR PUBLIC UTILITY VEHICLES

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WHEREAS, Section 387 of Republic Act No. 10607[1] makes it unlawful for any land transportation operator or motor vehicle owner to operate the same on public roads without obtaining a policy insurance intended to indemnify the death or bodily injury and/or damage to property of a third-party or passenger, as the case may be, arising from the use thereof.

WHEREAS, the Land Transportation Office (LTO) and the Land Transportation Franchising & Regulatory Board (LTFRB), pursuant thereto, previously issued guidelines which specified the process of securing the Compulsory Motor Vehicle Liability Insurance and Passenger Personal Accident Insurance (collectively, the "Insurance Policies"), respectively, from duly qualified insurance companies.

WHEREAS, at present, however, insurance companies are engaging in rampant marketing and business propaganda activities inside LTO and LTFRB premises; insurance agents and fixers are soliciting clients inside LTO and LTFRB premises; and even personnel from the LTO and LTFRB are perceived to be selling insurance covers and inducing applicants to secure insurance policies from favored insurance companies,

WHEREAS, in order to eradicate the foregoing unlawful practices, to remove the perception that LTO and LTFRB personnel are involved in illegal and corrupt activities, to finally rid the LTO and LTFRB from any form of proprietary interests arising from the issuance of the Insurance Policies, and to further serve the interest of public service, the Department of Transportation (DOTr) deems it best to revamp the existing guidelines and decide that the determination of duly qualified insurers who can provide the Insurance Policies be placed under the sole and exclusive authority of the Insurance Commission (the "Commission").

NOW THEREFORE, I, ARTHUR P. TUGADE, Secretary of the Department of Transportation, by virtue of the powers vested in me by law, hereby order that the following be adopted:

Section 1. Assessment & Evaluation. – The determination, assessment and evaluation of the qualifications and requirements of insurance companies, joint venture, or consortiums that are willing and capable to issue the Insurance Policies will henceforth be under the sole and exclusive authority of the Commission.

Section 2. List of Qualified Insurers. – Subject to existing guidelines, the LTO and LTFRB shall secure form the Commission the list of all qualified insurance companies, joint ventures, or consortiums (the "Qualified Insurers") which are authorized to issue the Insurance Policies in accordance with the insurance requirements set by the LTO and LTFRB. The LTO and LTFRB shall secure an updated list of Qualified Insurers regularly and on a quarterly basis.

Section 3. Posting of List & Issuance of Insurers. – The LTO and LTFRB will post the list of Qualified Insurers in

conspicuous places within the premises of their respective offices. The applicants are free to choose and secure the Insurance Policies from any of the Qualified Insurers, and all insurance premiums shall be strictly paid in the offices or authorized collection sites of the Qualified Insurers. The LTO and LTFRB will not issue any Certificate of Registration (COR) and/or Certificate of Public Convenience (CPC) unless the applicant has sufficiently shown that the Insurance Policies were secured only from the Qualified Insurers.

Section 4. Prohibited Activities by Qualified Insurers. – All Qualified Insurers are strictly prohibited –

i) To put up, establish or maintain any office, satellite or otherwise, inside the premises of the LTO and LTFRB;

ii) To designate, appoint or maintain any officer, agent, representative or personnel tasked with selling insurance covers or collecting insurance premiums inside LTO and LTFRB premises; and

iii) To give, distribute or display, inside the premises of the LTO and LTFRB, any form of giveaways or other propaganda materials, such as, but not limited to, calendars, journals, ballpens, brochures, cards, etc., that tend to advertise their respective insurance business.

Section 5. Prohibited Activities by Government Personnel. – All officers, employees or personnel of the DOTr, LTO, and LTFRB are strictly prohibited –

i) To allow, aid or abet, directly or indirectly, the commission of any of the prohibited activities under Sec. 4;

ii) To endorse, favor or give any form of recommendation to applicants in behalf of any Qualified Insurer;

iii) To sell insurance policies or collect premiums in behalf of any Qualified Insurer; and

iv) To issue or furnish applicants with any list or document containing the names of insurers, other than the list of Qualified Insurers issued by the Commission.

Section 6. Sanctions. – Any Qualified Insurer who is found to have violated Sec. 4 will be permanently blacklisted from issuing the Insurance Policies, whether directly or indirectly, and will be disqualified from participating in other programs of the DOTr, LTO and LTFRB.

Any officer, employee or personnel of the DOTr, LTO and LTFRB who is found to have violated Sec. 5 will be held liable for Serious Misconduct under the 2017
Rules on Administrative Cases in the Civil Service, without prejudice to other administrative or criminal liability.

Section 7. Implementing Guidelines. – The LTO and LTFRB will issue guidelines for the effective implementation of this Department Order.

Section 8. Separability Clause. – If any part or provision of this Department Order is held unconstitutional or invalid, other parts of provisions which are not affected will continue to remain in full force and effect.

Section 9. Repealing Clause. – All other Department Orders, Circulars, Special Orders, Office Orders, and/or other issuance inconsistent herewith are hereby superseded or modified accordingly.

Section 10. Effectivity. – This Department Orders shall take effect immediately following its publication in a newspaper of general circulation and filing with the U.P Law Center.

(SGD) ARTHUR P. TUGADE
Secretary

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[1]The Insurance Code of the Philippines.

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