COMPULSORY PASSENGER INSURANCE COVERAGE

MIA MEMORANDUM CIRCULAR NO. 40, August 21, 1987

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Please be informed that in its meeting on 21 August 1987, the Board approved the following set of guidelines governing the implementation of a compulsory insurance requirement for interisland passenger shipping operation, as follows:

1. General Rule — No Certificate of Public Convenience (CPC) shall be issued nor renewed unless and until a satisfactory passenger insurance coverage is submitted to the Maritime Industry Authority (MARINA); Provided, however, that those operators which have valid and existing CPCs are hereby given two (2) months from date of effectivity hereof within which to submit a satisfactory passenger insurance coverage, failing which their franchise shall, after due notice and hearing, be suspended or cancelled.

2. Exception — Those operators who, through no fault of their own cannot secure a satisfactory insurance cover shall have the option of posting with MARINA a satisfactory cash deposit or surety bond or any other form of security in accordance with separate guidelines to be issued governing the same. This option can only be availed of, however, upon proof presented to MARINA that no insurance company is willing to take risk at reasonable premium rate.

3. Satisfactory Passenger Insurance — Passenger Insurance cover is deemed satisfactory if it meets the following basic/minimum requirements:

a. Issuing company — The policy is one issued by an insurance company or pool/group of insurance companies authorized to do business as such by the Insurance Commission and accredited by the MARINA.

b. Minimum amount of cover/aggregate limit of liability —

1. per passenger — P20,000[*] minimum

2. aggregate limit of liability — the maximum allowable passenger capacity of the carrying vessel or the passenger manifest, whichever is lower.

c. Period of Cover — The insurance should attach from the time the passenger sets foot on the boarding gangway or ladder leading to the deck, continues during the entire course of the voyage covered by the passenger ticket or coupon until the passenger shall have left the disembarking gangway or ladder at the port of destination.

It is understood that the insurance shall continue during the time the vessel calls on designated or intermediate ports provided the passenger stays on board. Should any passenger in transit disembark at such designated or Intermediate port not his destination, the insurance shall be deemed suspended as of the moment the passenger leaves the ladder or disembarking gangway and shall remain suspended whilst on land. The cover for such passenger is restored as of the moment he sets foot on the gangway or ladder to board the vessel.

If the passenger continues to stay on board the vessel beyond the port of destination designated in his passenger ticket or coupon without leave from the vessel authorities, then the insurance shall cease, insofar as such passenger is concerned, as at the moment the vessel's anchor is to commence the voyage beyond the passengers destination.

In addition, if the vessel, whilst at sea, sinks or has to be abandoned because of fire, stranding, agrounding, or capsizing or other perils at sea, the insurance shall remain in full force until the passengers reach or are safely brought to the nearest port of refuge or safety.

d. Risks insurance against — Death or bodily injury due to accidental causes, occurring during the period of cover as defined in paragraph c hereof. "Death" shall cover burial and funeral expenses while "bodily injury" shall cover permanent disability and medical/hospitalization expenses in accordance with the Schedule of Indemnities set forth below:

e. Schedule of indemnities

Description of Disablement

Percentage on the amount of Coverage

Loss of two limbs
Loss of both hands, or all fingers and both thumbs
Total loss of sight of both eyes
Total paralysis
Loss of both feet
Injuries resulting in being permanently bedridden
Any other injury causing permanent total disablement

Loss of arm at or above elbow

Loss of arm between elbow and wrist

Loss of hand at wrist

Loss of four fingers and thumb of one hand

Loss of four fingers

Loss of thumb

Loss of index finger

Loss of middle finger

Loss of ring finger

Loss of little finger

Loss of metacarpals —
first or second (additional)

— third, fourth or
fifth 9 (add'l)

Loss of leg — at hip

— between knee and hip 60%
— below knee

Loss of toes — all of one foot

Loss of big toe

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Loss of any toe other than big toe, each

Eye: Loss of — whole eye

— sign of

— sight of, except perception of light

— lens of

Loss of hearing — both ears

— one ear

100%

70%

50%

50%

50%

35%

25%

10%

6%

5%

4%

3%

2%

70%

50%

15%

5%

1%

30%

30%

30%

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20%

50%

25%

f. Claims Settlement — The insurance company shall pay any claim for death or bodily injury sustained by a manifested passenger without the necessity of proving fault or negligence on the part of the car carrier. Immediate payment shall be made upon presentation of the following proofs:

1. In case of death — death certificate and evidence sufficient to establish the proper payee. For purposes of this coverage, a passenger is presumed dead if he is missing and cannot be located after six (6) months from date of casualty. For claim settlement purposes, therefore, a certification from the Philippine Coast Guard to the effect that the passenger is missing and cannot be located despite diligent search would suffice.

2. In case of bodily injury resulting in permanent disability — certification from a licensed physician.

3. In case of dispute, the same shall be settled by the Insurance Commission in accordance with existing law.

4. Annual Policy — The operator shall see to it that the insurance policy submitted to MARINA is renewed on time annually so as to afford the passengers continued protection. The renewal policy shall be submitted to MARINA at least fifteen (15) days before the lapse of the policy. In the event that payment is denied a passenger because of lapse or invalidity of the policy, the operator shall be held responsible to the passenger in accordance with existing law. In addition thereto, the operator's franchise may, after due notice and hearing, be cancelled.

5. Effectivity. — This Circular shall take effect fifteen (15) days after its publication in the official Gazette.

Adopted: 21 Aug. 1987

(SGD.) PHILIP S. TUAZON
Administrator

(SGD.) RAINERIO O. REYES
Secretary of Transportation and Communications

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[*] See Memorandum Circular No. 40-A for amendment (p. ___)

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