

GUIDELINES IMPLEMENTING THE NEW PERSONAL PASSENGER ACCIDENT INSURANCE PROGRAM (PPAIP)

LTFRB MEMORANDUM CIRCULAR NUMBER 2011-013, December 07, 2011

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SUBJECT :

GUIDELINES IMPLEMENTING THE NEW PERSONAL PASSENGER ACCIDENT INSURANCE PROGRAM (PPAIP)

Section 5(k) of Commonwealth Act No. 146, as amended by Executive Order No. 202, grants the LTFRB the power "to formulate, promulgate, administer, implement and enforce rules and regulations on land transportation public utilities, * * *" and consistent with the National Government's policy to ensure that public interest is upheld at all times, it has formulated rules and regulations for the provision of an efficient, proactive, prompt and timely insurance scheme for public transport commuters in times of distress and accidents, without prejudice to credible transport processes.

This mandate was strengthened by the Supreme Court in the case of "Eastern Assurance and Surety Corp. (EASCO) vs. LTFRB, et al." (G.R. No. 149717), when it upheld the validity, legality and propriety of LTFRB MC No. 2001-010 relative to its authority to prescribe and require the "Passenger Personal Accident Insurance Program" (PPAIP) for PUV operations nationwide.

After conducting the accreditation process, the Board entered into a Memorandum of Agreement (MOA) on November 17, 2011 with two insurance groups for a period of two (2) years. Hence, by virtue of said MOA, the Board hereby adopts the following guidelines for the implementation of the PPAIP:

- Accredited Management Companies:
 - PASSENGER ACCIDENT MANAGEMENT AND INSURANCE AGENCY, INC. (PAMI)
 - SCCI MANAGEMENT AND INSURANCE AGENCY, CORPORATION (SCCI)
- Accredited Lead Insurance Agencies:
 - UCPB GENERAL INSURANCE COMPANY, INC. (FOR PAMI)
 - ALLIEDBANKERS INSURANCE CORPORATION (FOR SCCI)
- Approved Premiums and Benefits:

The premium for each type of vehicle, based on the recommendation of the Insurance Commission, shall be as follows:

VEHICLE TYPE

AMOUNT

Provincial Buses/Mini-Buses

Php 1,200.00

Metro City Buses/Mini-Buses

Php 1,070.00

School Buses/Shuttle Buses

Php 1,070.00

Jeepneys

Php 841.00

AUVs Vans and other
vehicles with similar Seating

Capacity

Php 918.00

Sedans

Php 725.00

Trucks

Php 419.00

The premium rates should be inclusive of all charges, and no additional charges shall be added without authority from the Insurance Commission.

The insurance remuneration for each covered passenger shall not be less than the following:

BENEFITS

AMOUNT PER PASSENGER

a. Death

Php 75,000.00

b. Loss of two or more limbs

Php 75,000.00

c. Total and irrecoverable loss of sight in both eyes

Php 75,000.00

d. Dismemberment of one limb

Php 30,000.00

e. Total and irrecoverable loss of sight in one eye

Php 30,000.00

f. Medical Treatment (without need of receipts)

Php 5,000.00

g. Max. Medical Treatment (receipts needed, except items a-e)

Php 15,000.00

h. Bail Bond

Php 25,000.00

(per policy)

- The accredited insurance groups shall be allowed to offer other premium options providing additional benefits, subject to prior approval of the Insurance Commission and the Board. In case the accredited insurance groups offer other options, the premiums and benefits herein specified should still be made available to PUV Operators.

- The LTFRB shall allow public utility operators to secure the Compulsory Third Party Liability (CTPL) from the PPAIP accredited insurance management companies on a "personal choice (voluntary) basis". To this effect, PUV Operators may likewise secure CTPL from other licensed insurance companies offering CTPL.

- The accredited groups are hereby mandated to:

- Desist from predatory pricing of insurance premiums which are markedly unresponsive and oppressive to the subscribed benefits;

- Cease and desist from resorting to graft and corrupt practices vis-a-vis the processing and the issuance of Certificates of Cover (COC) through the granting of commissions, derogatory rebates and/or discounts to any person;

- Ensure and effect the payment of all insurance claims within five (5) working days from the submission of complete documents relative to occurrence of validated incident and/or accident as prescribed under the "All Risk

- No Fault" Insurance Policy;

- Issue tamper-proof COCs, together with the standard form and contents duly approved by the Board, and concurred by Insurance Commission. A distinctive alpha-numeric series of COCs shall be solely assigned for this program. All COCs to be issued shall include, among others, the following information:
- Information about the operator (such as name, address, etc.)
- Details of vehicle subject of the policy (such as make, approved route, plate number, motor number, chassis number, case number)
- Period of coverage
- Premium charges
- List of benefits
- Establish and maintain a Common Claims Fund during the lifetime of the contract and one year thereafter for whatever cause amounting to at least Thirty Million Pesos (P30,000,000.00) at any given time;
- Inform the Board of all accidents monitored including deaths and injuries within twenty four (24) hours and submit weekly reports to the Insurance Monitoring and Review committee (IMRC) until the closure of claims;
- Establish within the first three (3) months of operations a single point of contact and/or a hotline number/call center available 24 hours a day, seven (7) days a week for its nationwide operations, together with an accident-monitoring link to the Board's website;
- Establish within the first three (3) months of operations a PUV Accident Monitoring System, which must be linked with the PUV Accident Database of the Board; to submit to the Board on a weekly basis a report of all accident claims; and to assist in the accident rescue operations of local Emergency Medical Services (EMS) on site and proactively assist in the preparation of claim documents;
- Ensure that all insurance policy forms, endorsements, and coverage conform with the standards set forth by the Insurance Commission, and as prescribed under this Memorandum Circular;
- To promote efficiency in the delivery of core services, particularly the duties and responsibilities as set forth in MOA, the accredited groups shall set up an IT System with electronic linkages to the IT System of the LTFRB;
- In the interest of public and for the continuous improvement of public land transport management nationwide, the accredited companies shall faithfully comply with the terms and conditions set forth in all issuances relative to this accreditation process and those that will hereinafter be issued;
- Allow the Insurance Monitoring and Review Committee (IMRC) access to its records as part of the IMRC process;

All issuances or any part thereof inconsistent herewith are deemed modified, amended, or superseded accordingly.

This Memorandum shall take effect immediately following its publication in at least two (2) newspapers of general circulation. Let three (3) copies hereof be filed with the UP Law Center pursuant to Presidential Memorandum Circular No. 11, dated 09 October 1992.

SO ORDERED.

Quezon City, Philippines December 07, 2011

(Sgd.) ATTY. JAIME D. JACOB

Chairman

(Sgd.) ENGR. SAMUEL JULIUS B. GARCIA

Board Member

(Sgd.) ATTY. MANUEL M. IWAY

Board Member

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