AMENDMENT OF MC NO. 2004-004

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A. BACKGROUND:

Due to the cancellation of the accreditation of Special Alliance Management, Inc. (SAMI) under Board Resolution No. 4, dated May 4, 2005, the Board ordered the Insurance Monitoring and Review Committee (IMRC) to conduct an accreditation process for a new Management Group, Lead Insurance and Insurance Consortia to undertake the passenger personal insurance for public land transport services in order to ensure the objectives of the Passenger Personal Accident Insurance Program (PPAIP) in the establishment of a "Two-Group, Odd-Even System"

On May 4, 2005, the accreditation of the second management group of the PPAIP was cancelled due to various violations of Memorandum Circular No. 2004-004.

The IMRC set policies and guidelines for the accreditation process, and thereafter published in a newspaper of general circulation the invitation to bid for the accreditation of the second management group, which was participated by six (6) proponents.

On the scheduled date for the submission of the sealed proposals, which was set on July 4, 2005, the IMRC received only two (2) proposals among the six (6) proponents.

Based on the criteria and point system adopted, the IMRC came up with a report dated July 8, 2005, wherein it unanimously agreed and recommended to the Board, that the proposal submitted by UNIVERSAL TRANSPORT ACCIDENT SOLUTIONS, INC. (UNITRANS) is the most beneficial and advantageous proposal for the PPAIP. Thus, Board Resolution No. 6, dated September 12, 2005, Re: ACCREDITATION OF NEW MANAGEMENT GROUP, was issued, approving the recommendation of the IMRC, and accrediting UNITRANS as the new management group that will form part of the "Two Management Group: Odd- Even System" together with PASSENGER ACCIDENT MANAGERS, INC. (PAMI).

The Board on one hand, the Commissioner of the Insurance Commission (IC) and the accredited management groups on the other, all agreed to implement the following:

1) Philippine Accident Managers, Inc. (PAMI) and Universal Transport Accident Solutions, Inc. (UNITRANS) are the two (2) Insurance Management Groups accredited by the Board, subject to accreditation/registration/license by the Insurance Commission (IC), as provided under Section 299 of the Insurance Code of the Philippines.

2) The Insurance Commission shall invite all insurance companies to participate in the PPAIP and shall be responsible in determining the actual composition and equal distribution of the insurance companies joining the said two management groups, including establishment of guidelines in determining duties, responsibilities, obligations and appropriate risk-premium sharing schemes, in addition to that prescribed by the Board.

3) LTFRB shall maintain its function in terms of monitoring and evaluation of the management groups. A multilateral Memorandum of Agreement (MOA) shall be signed among LTFRB, IC and the two management

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groups (PAMI and UNITRANS) including its lead companies. Said MOA shall be the basis for monitoring and evaluation.

4) Insurance companies and management groups shall not file any case, be it civil, criminal, administrative or otherwise, against LTFRB or any of its officials and personnel relative to PPAIP.

IMPLEMENTING GUIDELINES

1. "Two Management Group: Odd-Even System"

The LTFRB revitalized Passenger Personal Accident Insurance Program (PPAIP) shall adopt the "Two Management Group: Odd-Even System" composed of the

PASSENGER ACCIDENT MANAGERS, INC. (PAMI) led by UCPB General Insurance Co. Inc. and the UNIVERSAL TRANSPORT ACCIDENT SOLUTIONS, INC. (UNITRANS) led by Stronghold Insurance Co., Inc.. However, each management group has the option to rotate its lead company within a minimum period of six (6) months and a maximum of one (1) year with 15 days prior notice given to the Board before its effectivity and shall be subject to Board approval.

The middle number of the LTO issued plate numbers shall determine the odd-even scheme assignment. The LTFRB confirmation MUST be secured PRIOR to LTO registration. The details are as follows:

a) All covered PUV(s) with LTO license plates having EVEN Middle Numbers shall be assigned to UNITRANS.
b) All covered PUV(s) with LTO license plates having ODD Middle Numbers shall be assigned to PAMI.
c) The Odd-Even Scheme may be interchanged in the middle of the contract term, first year being from 16 September 2005 to 15 September 2006, second year being 16 September 2006 to 15 September 2007, and the third year being 16 September 2007 to 15 September 2008, fourth year being 16 September 2008 to 15 September 2009, and the fifth year being 16 September 2009 to 15 September 2010, subject to the evaluation and approval of the Board in order to ensure equitable and fair distribution of clients.

2. All public utility vehicles, such as those listed below, are hereby required to secure an "All Risk-No Fault" passenger personal accident insurance with the following covered benefits:

2.1 Death Benefits.

No. of Persons Benefits (incl. Driver)

Death

Buses/Mini Buses all (actual cap. not to exceed 56)

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P 3,360,000.00

Jitneys all (actual cap. no to Exceed 15)

900,000.00

AUV's /Vans all (9)

540,000.00

Sedan all (5)

300,000.00

Trucks for Hire all (3)

180,000.00

2.2 Medical Benefits

No. of Persons Benefits (incl. Driver)

Death

Buses/Mini Buses all (actual cap. not to exceed 56)

P700,000.00

Jitneys all (actual cap. no to Exceed 15)

187,000.00

AUV's /Vans all (9)

112,500.00

Sedan all (5)

62,500.00

Trucks for Hire all (3)

37,000.00

Automatic Medical Benefits for injuries shall be P500.00 without Official Receipt.

2.3 Benefits and Remuneration. The insurance remuneration for each covered passenger is as follows:

Benefits

Maximum Amount per Passenger

a. Accidental Death

P 60,000.00

b. Loss of two or more limbs

P 60,000.00

c. Total of irrecoverable

loss of sight in both eyes

P 60,000.00

d. Loss of both hands or above

fingers and both thumbs

P 30,300.00

e. Dismemberment in one limb

P 30,000.00

f. Total and irrecoverable loss

of sight in one eye

P 30,000.00

g. Loss of arm, at or above elbow

42,000.00

h. Loss of arm between elbow and wrist

30,000.00

i. Loss of hand

25,500.00

j. Loss of 4 fingers

25,500.00

k. Loss of 1 thumb

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18,000.00

l. Loss of index finger

9,000.00

m. Loss of middle finger

6,000.00

n. Loss of ring finger

3,000.00

o. Loss of little finger

3,000.00

p. Loss of metacarpals

2,400.00

1st or 2nd (addl.)

1,800.00

3rd, 4th and 5th

1,200.00

q. Loss of leg above the knee

36,000.00

r. Loss of leg below the knee

30,000.00

s. Loss of one foot

30,000.00

t. Loss of big toe

3,000.00

u. Loss of all toes in one foot

9,000.00

v. Loss of any toe other than big toe

600.00

w. Loss of hearing - both ears

30,000.00

x. Loss of one ear

4,200.00

2.4 Bail Bonds. In case of litigations filed against the driver of said LTFRB authorized PUV, a maximum Bail Bond Assistance of P 20,000.00 shall be shouldered by PAMI and UNITRANS and paid directly to the Court or to the Bonding Company, on cases arising from accidents covered by the PPAIP.

2.5 The Management Groups shall establish a Five Million Peso (P5,000,000.00) revolving fund to implement the PUV Drivers Academy (one in Metro Manila, one in Cebu City, and one in Davao City) to better equip drivers with safety skills and defensive driving habits. A databanking system of all graduates of the Drivers Academy shall be established by LTFRB to monitor PUV driver performance and possible blacklisting for habitual violators and drivers who may pose great danger to the riding public.

3. "All Risk-No Fault" policy shall be adopted, including, but not limited to the following:

3.1 Covered despite the condition of the driver at the time of the accident, whether:

a) driver is unauthorized;
b) driver is under the influence of liquor;
c) driver is under the influence of legal or prohibited drugs; or

3.2 Covered despite violations of designated route, ex. Out-of-line.

3.3 Covered even during the incidence of unprovoked homicide, murder and/or assault, including holdup and kidnap incidents. 3.4 Covers even non-paying passengers such as, but not limited, to drivers, conductors, vendors, beggars and the like.

3.5 Covers even persons/passengers while boarding and disembarking the insured vehicle or immediately thereafter.

3.6 Covered despite change of ownership of the vehicle; provided that the vehicle shall retain its status as "LTFRB-authorized" Public Utility Vehicle.

3.7 Covered until its expiry date unless reverted to "Private" status.

3.8 Covered without Automatic Termination Clause.

3.9 Covered despite Terrorist Attacks.

4. Key Conditionalities. To address the concerns of the transport sector and the commuting public, the following conditions shall be strictly enforced:

4.1 PAMI and UNITRANS, their agents and employees, shall not resort to predatory pricing of insurance premiums which are markedly unresponsive to the subscribed benefits.

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4.2 No commissions, rebates and/or discounts shall be allowed.

4.3 Fleet operators (with fifty units and above) may avail of the twenty percent (20%) fleet discount in their premium payments from either PAMI or UNITRANS.

4.4 Fleet operators may be allowed to choose either PAMI or UNITRANS to provide convenience, since they operate fifty units and above, subject to information submitted to the Board by both operator and management group and buy back arrangements between PAMI and UNITRANS.

4.5 LTFRB shall only recognize those authorized branch offices and their duly authorized and certified representatives. UNITRANS and PAMI shall submit a list of its authorized branch managers and key personnel with their specimen signatures and official addresses. Only said personnel shall be recognized by LTFRB as the duly authorized representatives of PAMI and UNITRANS to issue, distribute or release the required insurance policy/certificate of cover (COC).

4.6 Payment of all claims shall be made within five (5) working days from occurrence of validated incident and/or accident under an "All Risk-No Fault" Insurance Policy.

4.7 Management Group shall inform LTFRB of all accidents monitored including deaths and injuries within twenty-four (24) hours and submit weekly reports to the IMRC until the closure of the claims.

4.8 Establish a single point of contact and/or hotline number/call center accessible 24 hours per day, seven days a week. To facilitate this, PAMI and UNITRANS shall set up the passenger accident monitoring link of the LTFRB Website (for monitoring purposes);

4.9 Lead insurance companies shall issue COCs with security markings and the standard form and contents must be duly approved by the LTFRB and concurred by the Insurance Commission. A distinctive regional alphanumeric series of Certificates of Cover shall be solely assigned for this program.

4.10 Management Group shall issue authorized intelligent cards to all PUV franchise holders which shall contain all pertinent data relative to franchises, insurance coverage and violations and apprehension at no cost to LTFRB. LTFRB shall be given three (3) intelligent card readers/ region, and five (5) for the central office, or a total of fifty (50) units.

4.11 PAMI and UNITRANS, separately, shall establish and maintain a Common Claims Fund, which shall not be less than Twenty Million Pesos (P20,000,000.00) at any given time.

4.12 A distinct and separate Book of Accounts shall be maintained by PAMI and UNITRANS as the bases in reckoning tax payments due to the government and for its financial performance review.

4.13 PAMI and UNITRANS shall establish a nationwide computer database link among all fifteen (15) LTFRB Regional Offices and the Central Office to allow sharing of all Public Utility Vehicles (PUVs) data. This databank shall be made accessible with "read only facility" and available to everyone throughout the country in real time through the LTFRB Website with proper security features to only allow certain authorized persons to have "write capability" and shall provide IT link with LTO to facilitate LTFRB confirmation prior to registration, at no cost to LTFRB;

4.14 PAMI and UNITRANS must establish a PUV Accident Monitoring System to assist in the accident rescue operations of local Emergency Medical Services (EMS) on site and proactively assist in the preparation of claim documents.

4.15 PAMI and UNITRANS will design a scheme regarding "Buy-out-Buy-back agreement for all COCs issued

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by PAMI, to be reckoned from the date of suspension of the previously accredited group, SAMI;

4.16 In case of violations, the accreditation of PAMI and UNITRANS shall be subject to the sanctions imposed by the Board after full investigation. The Board, for public interest, may issue a Cease and Desist Order. Sanctions are the following:

a) First Offense Fine

b) Second Offense Fine

c) Third and Final Offense Fine/Termination of Contract

(The Board shall determine the amount)

5. Contract Term - Due to the additional requirements and conditions of the Board relative to the implementation of a successful Passenger Personal Accident Insurance Program (PPAIP) and to ensure continuity of the special programs indicated therein, the Board extends the contract term up to 15 September 2010, unless otherwise extended, suspended or revoked by this Board.

All issuances, circulars and orders inconsistent with the foregoing circular are hereby deemed amended, revised or revoked.

This memorandum circular shall take effect immediately.

Adopted: 14 Sept. 2005

(SGD.) MARIA ELENA H. BAUTISTA

Chairperson

(SGD.) GERARDO A. PINILI

(SGD.) MA. ELLEN DIRIGE-CABATU

Board Member

Board Member

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