AMENDMENT OF MEMORANDUM CIRCULAR 40 AND 40-A RE: COMPULSORY PASSENGER INSURANCE COVERAGE

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Please be informed that in its meeting on 30 April 1991, the Board approved the following set of guidelines governing the implementation of a Group Insurance Coverage as equivalent with the compulsory insurance requirement under Memorandum Circular No. 40, as amended by Memorandum Circular No. 40-A for inter-island passenger shipping operation as follows:

1. Group Insurance Coverage is applicable to those motorized boat owners/operators who, through no fault of their own cannot secure a satisfactory passenger insurance individually under Memorandum Circular No. 40, as amended;

2. To avail of the Group Insurance Coverage, small banca operators should be organized into an association or cooperative and registered with the Securities and Exchange Commission or any relevant government agency, as the case may be to equip the association with a legal personality for closer supervision/monitoring and consultation with the association;

3. Insurance Coverage is still placed at P50,000.00 per passenger, provided, however, that motorized bancas with authorized passenger capacity of 11 passengers and below are not covered;

4. Motor bancas qualified for this case should be defined as wooden or steel hulled vessels with tonnage not more than fifty (50) GRT and carrying not more than one hundred (100) passenger/vessel;

5. If vessels are more than 50 GRT and carrying more than one hundred (100) passengers/vessel the normal passenger insurance under Memorandum No. 40, as amended, is applicable;

6. The total number of passengers insured by the association will be not less than the allowable number of passenger capacity that can be carried by member boats at one point in time;

7. Voyages or trips of the member boats of the association should be scheduled in such a way that boats leaving a port of origin are carrying only the allowable number of insured capacity. The Maritime Regional Directors in cooperation with the Philippine Coast Guard will conduct strict monitoring in this regard;

8. Exempted from compulsory passenger insurance are motor bancas carrying eleven (11) persons or less;

9. In areas where banca operators are not organized, they shall do so and the Maritime Regional Directors are hereby directed to spearhead the formation with their guidance; and

10. The terms and conditions of M.C. 40 and 40-A insofar as not in conflict herewith will still apply.

This Circular shall take effect fifteen (15) days after its publication once in a newspaper of general circulation in the Philippines.

Adopted: 30 Apr. 1991

(SGD.) PHILIP S. TUAZON

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