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PASSENGER ACCIDENT INSURANCE REQUIREMENT FOR PUV OPERATORS

LTFRB MEMORANDUM CIRCULAR NO. 99-011, June 22, 1999

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Presidential Decree 1460, otherwise known as the Insurance Code of the Philippines, provided: "It shall be unlawful for any land transportation operator or owner of a motor vehicle to operate the same in the public highway unless there is a force in relation thereto a policy insurance or guaranty in cash or surety bond issued in accordance with the provisions of this chapter to indemnify the death or bodily injury of a third-party or passenger, as the case may be, arising from the use thereof." (Section 374, PD 1460)

Pursuant thereto, the LTFRB passed Memorandum Circular No. 90-002 dated January 22, 1990 requiring all Metro Manila PUB, PUJ and Taxi applications to have, as one of their supporting documents, a Passenger Insurance Coverage in the amount of P40,000.00 per passenger. (LTFRB Memorandum Circular No. 90-002 dated January 22, 1990)

A review of some of the existing insurance policies for public utility vehicles only cover third party liability. There is no coverage whatsoever for passengers who die or who are injured in an accident. If at all, in some motor vehicle insurance policies that carry passenger insurance coverage, the maximum liability of the insurer is quite small, i.e. P50,000.00 per accident. Said amount is insufficient to compensate families of passenger-victims.

LTFRB records would show that year in and year out numerous accidents occur where either injuries or death of passengers are involved. This happens not only in Metro Manila but also in the provinces.

In view of the foregoing, all public utility vehicles, such as those listed below, are hereby required to secure a passenger/ personal accident insurance with the following minimum coverage, to wit:

Type of Vehicle Minimum Coverage Death Benefits Per Accident Medical Benefits

Buses/Mini-Buses P1,250,000.00 P312,500.00

Jeepneys 500,000.00 125,000.00

AUVs, Vans, FX and Other vehicles of similar Seating Capacity 250,000.00 62,500.00

Sedan 125,000.00 31,250.00

Trucks 75,000.00 18,750.00

Furthermore, to ensure public safety along our roads and considering that accidents can happen any time, all passenger public utility operators are hereby directed to submit proof of compliance of this Memorandum Circular under oath, by attaching thereto a copy of the insurance policy or proof of coverage, specifying therein the LTO License Plates, the Motor and Chassis Number of coverage/specifying therein the LTO License Plates, the Motor and Chassis Number of the unit/s covered, Case Number of the decision granting the franchise and the type of

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service offered or franchise held, within sixty (60) days from the effectivity of this Order.

In order to make sure that future claims of PUV operators and passenger-victims are paid within reasonable time, the Board will only accept, as proof of compliance, insurance policies/coverage duly approved by the Insurance Commission specifically for this project, and issued by companies who are not "black listed" by the latter.

In case of failure to secure said insurance policy/coverage within the period provided for above, the certificate of public convenience of the PUV operators shall be suspended until the operator complies with the Circular. If after the lapse of fifteen (15) days from the initial date of suspension, and the operator still has not submitted any proof of compliance, the penalty imposable shall be cancellation of the certificates of public convenience issued to the operator concerned.

This Memorandum Circular shall take effect fifteen (15) days after the filing of three (3) copies hereof with the U.P. Law Center, in accordance with Presidential Memorandum Circular No. 11 dated October 9, 1992.

Adopted: 22 June 1999

(SGD.) DANTE M. LANTIN
Chairman

(SGD.) VIGOR D. MENDOZA II
Board Member

(SGD.) REMEDIOS G. BELLEZA
Board Member

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