

**[ DEPARTMENT ORDER NO. 2018-020, August 29, 2018 ]**

**REVISED GUIDELINES ON MANDATORY INSURANCE POLICIES  
FOR MOTOR VEHICLES AND PERSONAL PASSENGER ACCIDENT  
INSURANCE FOR PUBLIC UTILITY VEHICLES**

*Adopted: 24 August 2018  
Date Filed: 29 August 2018*

**WHEREAS**, Section 387 of Republic Act No. 10607<sup>[1]</sup> makes it unlawful for any land transportation operator or motor vehicle owner to operate the same on public roads without obtaining a policy insurance intended to indemnify the death or bodily injury and/or damage to property of a third-party or passenger, as the case may be, arising from the use thereof.

**WHEREAS**, the Land Transportation Office (LTO) and the Land Transportation Franchising & Regulatory Board (LTFRB), pursuant thereto, previously issued guidelines which specified the process of securing the Compulsory Motor Vehicle Liability Insurance and Passenger Personal Accident Insurance (collectively, the "Insurance Policies"), respectively, from duly qualified insurance companies.

**WHEREAS**, at present, however, insurance companies are engaging in rampant marketing and business propaganda activities inside LTO and LTFRB premises; insurance agents and fixers are soliciting clients inside LTO and LTFRB premises; and even personnel from the LTO and LTFRB are perceived to be selling insurance covers and inducing applicants to secure insurance policies from favored insurance companies,

**WHEREAS**, in order to eradicate the foregoing unlawful practices, to remove the perception that LTO and LTFRB personnel are involved in illegal and corrupt activities, to finally rid the LTO and LTFRB from any form of proprietary interests arising from the issuance of the Insurance Policies, and to further serve the interest of public service, the Department of Transportation (DOTr) deems it best to revamp the existing guidelines and decide that the determination of duly qualified insurers who can provide the Insurance Policies be placed under the sole and exclusive authority of the Insurance Commission (the "Commission").

**NOW THEREFORE, I, ARTHUR P. TUGADE**, Secretary of the Department of Transportation, by virtue of the powers vested in me by law, hereby order that the following be adopted:

**Section 1. Assessment & Evaluation.** – The determination, assessment and evaluation of the qualifications and requirements of insurance companies, joint venture, or consortiums that are willing and capable to issue the Insurance Policies will henceforth be under the sole and exclusive authority of the Commission.