

**[ LTFRB MEMORANDUM CIRCULAR NO. 2001-001,  
February 01, 2001 ]**

**AMENDING MEMORANDUM CIRCULAR NO. 99-011 (PASSENGER  
ACCIDENT INSURANCE REQUIREMENT OF PUV OPERATORS)**

**I**

**Prefatory Statement**

In response to numerous complaints from passenger accident victims involving public utility vehicles, the Board passed Memorandum Circular No. 99-011 dated June 22, 1999 requiring all public utility vehicles to secure a "no fault" passenger accident insurance. This circular was further refined with the passage of Memorandum Circular No. 2000-010 dated March 27, 2000.

After a year of implementation, the Board now has received numerous complaints coming from various transport groups and from its regional offices. These complaints range from non-payment or underpayment of taxes, graft and corruption, and the non implementation of the computerized data bank of all public utility vehicles.

In addressing these concerns, the different transport groups proposed the creation of a two (2) group system whereby all insurance companies who would like to participate in the passenger accident insurance program of the LTFRB must join any of the two groups, and that the passenger insurance requirement of the PUV operators be divided between these two groups on the basis of the number of their respective LTO license plates. The transport groups argue that through this scheme the following objectives will be attained:

1. Fake certificates of cover will be minimized, if not eradicated, due to better monitoring of operations as there would only be two kinds of certificates that would be circulating.
2. Payment of the proper taxes can be assured.
3. Graft and corruption will be minimized, if not eliminated, since discretion as to which insurance company to patronize will be removed.
4. Payment of claims will be prompt due to better monitoring.
5. The proposed computerized data bank of all PUV nationwide will be attained without a single cost to government.

It must be noted that the passenger accident insurance program of the LTFRB was implemented after numerous dialogues with all the transport organizations nationwide, and only after all issues raised have been sufficiently addressed. More

importantly, this program is without any cost to the government. The added insurance expense is shouldered by the PUV operators.

In pursuing this proposal further, the Board conducted meetings and conferences with the transport operators and with the insurance companies. It also met the Insurance Commission where the latter, in its letter dated January 30, 2001, confirmed that it has no objection to the proposal of the various transport groups, there being no legal impediment to the same.

## **II Amendments**

### **AMENDMENTS TO MC NO. 99-01**

IN VIEW OF THE FOREGOING PREMISES, and upon the clamor of the transport operators who are the ones paying the added insurance cost, paragraph seven (7) of Memorandum Circular No. 99-011 is hereby amended to read as follows:

"In order to make sure that future claims of PUV operators and passenger accident victims are paid within the required time, and in order to minimize, if not eliminate, fake certificates of cover and graft and corruption, as well as to ensure the payment of the proper taxes much needed by the government, as well as, to create a computerized data bank without any cost to the government which is necessary for transport planning. the Board will only accept, as proof of compliance of this program, insurance policies/certificates of cover duly approved by the Insurance Commission specifically for this project, and issued by any of the two groups as authorized by the Board."

### **CREATION OF THE TWO GROUP SYSTEM**

Accordingly, as there is already one group duly authorized by the Board to participate in this program in the person of the Passenger Accident Managers, Inc. (PAMI for brevity), there is a need to form another group in order to fully implement the program. All other insurance companies who wish to continue participating in the program, therefore, are hereby required to either join PAMI or form a second group.

In order to maintain their good standing with the Board, each group must maintain and present to the Board proof of compliance with the following minimum requirements:

1. Membership of at least ten (10) insurance companies with valid and subsisting license issued by the Insurance Commission;
2. Aggregate paid-up capitalization of P500 Million;
3. Compliance with the computerized data as required by the Board;
4. Payment of all claims within seven (7) calendar days from submission of all documents;