

[LTO MEMORANDUM CIRCULAR NO. ACL-2010-1271, February 10, 2010]

ONLINE AND REAL-TIME AUTHENTICATION AND VERIFICATION OF CERTIFICATES OF COVER FOR COMPULSORY THIRD PARTY LIABILITY (COC-CTPL) AND COMPREHENSIVE INSURANCE POLICIES

By law, jurisdiction over contracts of insurance and insurance companies is reposed upon the Insurance Commission (IC) while the powers and duties to comprehend the assessment and collection of all national internal revenue taxes, fees and charges rest with the Bureau of Internal Revenue (BIR). At the LTO, insurance coverage is a mandatory requirement for registration and, as a government agency, it is imperative that LTO ensures that the insurance coverage is valid and that taxes thereon have been properly paid.

In recognition of the foregoing jurisdiction and powers of the IC and BIR, LTO entered into a Memorandum of Agreement (MOA) with these agencies dated January 20, 2010, for the utilization of the IC COC Gateway (ICG) and the Enhanced Certificate of Cover Verification Facility (ECOCVF) for the verification of Certificates of Cover (COCs) and efficient collection of taxes for Compulsory Third Party Liability (COC-CTPL) and Comprehensive Insurance policies relevant provisions of which read as follows:

“The ICG shall serve as the sole electronic facility for recording all COCs as proof of coverage under the CTPL and Comprehensive Insurance for motor vehicle registrations...” (1st par., Sec. 1)

“The ECOCVF shall serve as the sole verification and tax collection facility for all COCs as proof of coverage under CTPL and Comprehensive Insurance for motor vehicle registrations...” (2nd par., Sec. 1)

“The IC shall require/mandate accredited insurance companies to submit/file COCs pertaining to CTPL and Comprehensive Insurance policies into the ICG. For this purpose, the IC shall impose administrative sanctions upon insurance companies, their directors/officers/agents, for any willful failure or refusal to comply with or violation of the aforesaid requirement.” (2nd par., Sec. 2)

“The LTO shall perform, host, manage and maintain the ECOCVF for the subsequent verification of COCs and shall interconnect with the ICG for proper monitoring of collection of taxes, fees, and charges due to the BIR.” (3rd par., Sec. 2)

Pursuant to the MOA,