

## **THIRD DIVISION**

**[ G.R. No. 206159, August 26, 2020 ]**

**ALLIANCE OF NON-LIFE INSURANCE WORKERS OF THE PHILIPPINES, REPRESENTED BY JUBERT MAUN AS PRESIDENT, BUKLURAN NG MANGGAGAWA NA UMAASA SA INDUSTRIYA NG SEGURO (BMIS) INC., REPRESENTED BY SALVADOR NAVIDAD AS PRESIDENT, MOVEMENT FOR THE UPLIFTMENT OF NON-LIFE INSURANCE, INC. (MUNLI), REPRESENTED BY JESUS S. SEVILLA AS CHAIRMAN OF THE BOARD, PETITIONERS, VS. HON. LEANDRO R. MENDOZA, AS SECRETARY, DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS, HON. REYNALDO I. BERROYA AS FORMER CHIEF, LAND TRANSPORTATION OFFICE, HON. ALBERTO SUANSING AS CHIEF, LAND TRANSPORTATION OFFICE, AND STRADCOM CORPORATION, RESPONDENTS.**

### **DECISION**

**LEONEN, J.:**

An implied repeal will only be sustained upon a showing of a law-making body's manifest intention that the later regulation supersedes an earlier one. Necessarily, the enactment of the superseding regulation which repeals an earlier regulation subject of a court action moots the case.

This resolves the Petition for Review on Certiorari<sup>[1]</sup> filed by Alliance of Non-Life Insurance Workers of the Philippines (Alliance), Bukluran ng Manggagawa na Umaasa sa Industriya ng Seguro Inc. (BMIS), and Movement for the Upliftment of Non-Life Insurance, Inc. (MUNLI) assailing the Court of Appeals' dismissal<sup>[2]</sup> of their Petition for Certiorari, and questioning the validity of Department of Transportation and Communications (DOTC) Department Order No. 2007-28 providing for the integration of the issuance and payment of Compulsory Third Party Liability Insurance (CTPL Insurance) with the Land Transportation Office (LTO).

On July 5, 2007, DOTC issued Department Order No. 2007-28 (DC) No. 2007-28) entitled "Rules and Regulations on the Integration of the Issuance and Payment of Compulsory Third Party Liability Insurance with the Land Transportation Office."

The department order sought to eliminate the proliferation of fake and fraudulent CTPL Insurance involved in the registration of motor vehicles. DO No. 2007-28 was published on July 6, 2007 and a copy of it was then filed before the University of the Philippines Law Center.<sup>[3]</sup>

Under DO No. 2007-28, the CTPL Insurance is automatically issued upon the registration of a motor vehicle or its renewal in the LTO. The issuance and payment of the CTPL Insurance is integrated with the Land Transportation Office Information

## 1.0. SCOPE

1.1. This Department Order promulgates the rules and regulations covering the integration of the issuance and payment of CTPL insurance with the LTO IT Project's systems and database. This program shall otherwise be known as the "INTEGRATED CTPL INSURANCE PROGRAM."

1.2. These rules and regulations describe the objectives, criteria, structure, guidelines and procedures primarily designed to ensure the efficient and effective implementation of the INTEGRATED CTPL INSURANCE PROGRAM.

....

## 4.0. APPLIED CRITERIA IN THE ESTABLISHMENT OF THE INTEGRATED CTPL INSURANCE PROGRAM

To assure the public that the foregoing objectives for the establishment of the INTEGRATED CTPL INSURANCE PROGRAM are fully satisfied, LTO IT System through STRADCOM is hereby directed to apply the following criteria:

4.1. Online and real-time interconnection with the LTO IT Project's Motor Vehicle Registration System (MVRS) and Revenue Collection System (RCS), and their corresponding database;

4.2. There shall be no human intervention in computing the CTPL Insurance. Likewise, the system must not have an edit [sic] capability to edit the computation of CTPL insurance premiums.

4.3. The system shall be capable of computing taxes due on CTPL insurance policies such as Value Added Tax (VAT), Documentary Stamp Tax (DST), and business taxes imposed by local government units.

4.4. Period of validity of the CTPL shall be displayed in LTO official receipt (OR) to ensure that the registered vehicles are covered by authentic insurance policies.

4.5. The system shall be capable of generating reports related to the CTPL insurance transactions.

4.6. The system shall be capable of generating fixed length text file that will be uploaded to the Insurance Provider. The

text file shall contain insurance data to be used in processing of claims.

## 5.0. IMPLEMENTATION OF THE INTEGRATED CTPL INSURANCE PROGRAM

5.1. The DOTC/LTO shall be the lead agency in the implementation of the Integrated CTPL Insurance Program nationwide. It shall formulate and prescribe policy guidelines for the transparent, efficient and effective implementation of the Integrated CTPL Insurance Program.

5.2. The Integrated CTPL Insurance Program shall be implemented wherein the issuance and payment of CTPL Insurance is integrated with the LTO IT Project's Motor Vehicle Registration System (MVRS) and Revenue Collection System (RCS).

5.3. STRADCOM, being the proponent for the LTO IT Project, shall be tasked with developing, implementing, operating and maintaining the online and real-time interconnection of the Insurance Provider with the LTO IT Project's MVRS, RCS and their corresponding database (the "Interconnectivity"). STRADCOM shall also provide necessary technical support in the implementation of the INTEGRATED CTPL INSURANCE PROGRAM.

5.3.1. In consideration for the Interconnectivity, STRADCOM shall be entitled to collect and be paid an Interconnectivity Fee for each CTPL insurance issued for the entire duration or effectivity of its agreement with the DOTC/LTO and the Insurance Provider. The Interconnectivity Fee shall be mutually agreed upon by the Insurance Provider and STRADCOM. The sharing scheme for Interconnectivity Transactions shall be mutually agreed upon by DOTC/LTO and STRADCOM.

5.3.2. DOTC/LTO, the Insurance provider, and STRADCOM shall jointly agree on the manner of remittance of all collections relative to the paid CTPL insurance policies.

5.4. In order to satisfy the objectives set forth in Section 3.0; and, applying the criteria provided for in Section 4.0 hereof, the following guidelines and procedures shall be observed:

5.4.1. Issuance of CTPL Insurance Policy

1. CTPL insurance policies are automatically issued at the LTO District Offices using the LTO IT Project's MVRs during registration or renewal of registration. This eliminates work step for the transacting public which no longer have to purchase CTPL insurance policy separately.
2. A motor vehicle registrant will no longer be required to present a policy since purchase of CTPL insurance is simultaneously processed during motor vehicle registration.
3. The effectivity and validity of CTPL insurance must conform to the existing rules and regulations of the LTO and the Insurance Code.

#### 5.4.2. Premium Computation

To safeguard against risk of buying wrong policy or overpaying premiums, computation of the cost of CTPL insurance premium shall be automatically computed by the LTO IT Project's MVRs based on the following:

1. Motor vehicle description such as, but not limited to, gross vehicle weight, classification, and type; and,
2. Insurance Commission approved motor rates, terms and conditions.

#### 5.4.3. Payment of Insurance Premium

1. The LTO cashier collects the insurance premium together with the registration fees using the LTO IT Project's RCS during registration or renewal of registration.
2. Proof of insurance coverage shall be indicated in the LTO Official Receipt (OR) of Registration. This ensures that registered vehicles are covered by valid and authentic insurance policies and thus assure protection of the public from fake or duplicate CTPL insurance policies.

3. LTO OR shall also indicate the period of validity of the insurance.

#### 5.4.4 Tax Computation and Collection

1. The computation of applicable national and local government taxes on CTPL insurance policies must be consistent with the existing laws, rules and regulations.
2. Taxes due on CTPL insurance policies corresponding to the Value Added Tax (VAT) and Documentary Stamp Tax (DST), as well as business taxes imposable by local government units under the Local Government Code on insurance premiums, shall be automatically computed by the LTO IT Project's MVRs.
3. In addition to the insurance premium and the registration fees, the LTO cashier collects taxes due on CTPL insurance policies/premiums using the LTO IT Project's RCS.

#### 5.4.5. Premium and Taxes Remittance

1. Taxes due on CTPL insurance policies corresponding to the VAT and DST shall be deposited directly to the depository account of the Bureau of Internal Revenue (BIR) which shall be considered upon fact of deposit as paid. This ensures proper collection and remittance of correct taxes to the national government.
2. Local Government taxes imposed by local government units under the Local Government Code on insurance premiums shall be deposited directly to the depository account of the Insurance Provider, who will be responsible for its remittance to the appropriate authority.

#### 5.4.6. Claims Process and Assistance

1. To ensure ready access to claims service, the Insurance Provider shall provide and make available 24/7 a facility to receive notices of claim either by call or through Short