



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



Circular Letter (CL) No.:	2017-33
Date:	29 May 2017
Supersedes/Supplements:	None

CIRCULAR LETTER

TO : ALL NON-LIFE INSURANCE COMPANIES PROVIDING PASSENGER PERSONAL ACCIDENT INSURANCE FOR PUBLIC UTILITY VEHICLES

SUBJECT : FORMALIZATION OF PREMIUM RATES AND BENEFITS FOR PASSENGER PERSONAL ACCIDENT INSURANCE (PPAI) FOR PUBLIC UTILITY VEHICLES

WHEREAS, Section 374 of the Amended Insurance Code provides that, "It shall be unlawful for any land-transportation operator or owner of a motor vehicle to operate the same in public highways, unless there is in force, in relation thereto, a policy of insurance or guaranty in cash or surety bond issued in accordance with the provisions of this chapter to indemnify the death, bodily injury and/or damage to property of a third party or passenger, as the case may be, arising from the use thereof;"

WHEREAS, Section 5 (b) of Commonwealth Act 146, as amended by Executive Order 202, Series of 1987, empowers the Land Transportation Franchising and Regulatory Board (LTFRB) "to issue, amend, revise, suspend or cancel Certificates of Public Convenience or permits authorizing the operation of public land-transportation services [that are] provided by motorized vehicles, and to prescribe the appropriate terms and conditions therefor;"

WHEREAS, pursuant to the aforementioned laws, the Passenger Personal Accident Insurance Program (PPAIP) was first initiated in 1999 by the LTFRB through Memorandum Circular (MC) 99-011, then through MC 2001-001 and 2001-010;

WHEREAS, MC 2001-001 and 2001-010, provided for a two-group system to implement the PPAIP, with each group made up of at least ten (10) insurance companies in order to address complaints of proliferation of fake insurance policies, predatory pricing among competing insurance firms, proliferation of fixers in the premises of the LTFRB, and the moonlighting of LTFRB personnel who induce operators to secure their policies from favored companies;

WHEREAS, under the first PPAI setup, the LTFRB and the insurers executed a Memorandum of Agreement (MOA) for 2013-2015;

WHEREAS, prior to the expiration of the MOA for 2013-2015, the Insurance Commission (IC), in coordination with the LTFRB, agreed to the increase in benefits under the PPAI coverage with no corresponding increase in premium rates, except for buses which was increased by P500.00, for the 2015-2018 Enhanced PPAI;

WHEREAS, this approval was made through a letter October 12, 2015 signed by then Insurance Commissioner Emmanuel F. Dooc and addressed to former LTFRB Chairman, Atty. Winston M. Ginez;

WHEREAS, after the approval by the IC of the 2015-2018 Enhanced PPAI, the LTFRB issued MC 2015-028 providing the guidelines for the 2015-2018 Enhanced PPAI that included the aforementioned increase in benefits and a three (3) year contract with the accredited insurers;

WHEREAS, there is a need to formalize the aforementioned increase in benefits under the PPAI coverage for the benefit of the general public and to increase awareness of the existence of such program;

NOW, THEREFORE, by the powers vested in me, the following Premium Rates and Benefits for PPAI for Public Utility Vehicles are hereby issued and promulgated:

I. PREMIUM RATES

Type of Vehicles	Annual Premium (inclusive of applicable taxes)
Buses:	
Metro Manila	P 2,280.00
Provincial	2,680.00
AUV	1,500.00
Jeep	1,450.00
Sedan	1,200.00
Truck	750.00

II. BENEFITS

Benefits	Per	Previous coverage	Present Coverage	Increased by:	Percentage of increase
1. Passenger	Accidental Death and Dismemberment				

a. Accidental Death	150,000.00	200,000.00	50,000.00	33.33%
b. Permanent Total Disability	75,000.00	100,000.00	25,000.00	33.33%
c. Loss of two (2) or more limbs	75,000.00	100,000.00	25,000.00	33.33%
d. Total and irrevocable loss of sight in both eyes	75,000.00	100,000.00	25,000.00	33.33%
e. Dismemberment in one limb	30,000.00	40,000.00	10,000.00	33.33%
f. Total and irrevocable loss of sight in one eye	30,000.00	40,000.00	10,000.00	33.33%
g. Medical treatment (without need of receipts)	5,000.00	5,000.00	-	-
h. Maximum medical treatment (receipts needed, except items a-e)	15,000.00	20,000.00	5,000.00	33.33%
i. Loss of arm, at or above elbow	42,000.00	50,000.00	8,000.00	19.05%
j. Loss of both hands or all fingers and both thumbs	60,000.00	75,000.00	15,000.00	25.00%
k. Loss of arm between elbow and wrist	30,000.00	50,000.00	20,000.00	66.67%
l. Loss of hand	25,500.00	40,000.00	14,500.00	56.86%
m. Loss of four (4) fingers	25,500.00	30,000.00	4,500.00	17.65%
n. Loss of one (1) thumb	18,000.00	20,000.00	2,000.00	11.11%
o. Loss of index finger	9,000.00	15,000.00	6,000.00	66.67%

p. Loss of middle finger	6,000.00	10,000.00	4,000.00	66.67%
q. Loss of ring finger	3,000.00	6,000.00	3,000.00	100%
r. Loss of little finger	3,000.00	6,000.00	3,000.00	100%
s. Loss of metacarpals	2,400.00	4,000.00	1,600.00	66.67%
1 st of 2 nd additional	1,800.00	3,000.00	1,200.00	66.67%
3 rd , 4 th , and 5 th	1,200.00	3,000.00	1,800.00	150%
t. Loss of leg above knee	36,000.00	45,000.00	9,000.00	25%
u. Loss of leg below knee	30,000.00	40,000.00	10,000.00	33.33%
v. Loss of one (1) foot	30,000.00	40,000.00	10,000.00	33.33%
w. Loss of big toe	3,000.00	5,000.00	2,000.00	66.67%
x. Loss of all toes in one foot	9,000.00	12,000.00	3,000.00	33.33%
y. Loss of any toe other than the big toe	600.00	1,000.00	400.00	66.67%
z. Loss of hearing for both ears	30,000.00	40,000.00	10,000.00	33.33%
aa. Loss of hearing for one (1) ear	4,200.00	15,000.00	10,800.00	257.14%
ab. Burial assistance for enrolled driver	10,000.00	15,000.00	5,000.00	50%
ac. Burial assistance for enrolled conductor	10,000.00	15,000.00	5,000.00	50%
ad. One time educational assistance for	5,000.00	10,000.00	5,000.00	100%

one child of deceased driver				
ae. One time educational assistance for one child of deceased conductor	5,000.00	10,000.00	5,000.00	100%
af. Casket for the driver	5,000.00	10,000.00	5,000.00	100%
ag. Casket for the conductor	5,000.00	10,000.00	5,000.00	100%
ah. Ambulance assistance	5,000.00	7,500.00	2,500.00	50%
2. Bail bond	30,000.00	45,000.00	15,000.00	50%
3. Legal Assistance Services	10,000.00	15,000.00	5,000.00	50%
4. Medical Implant	-	20,000.00	-	-

For your information and guidance.



DENNIS B. FUNA
Insurance Commissioner

Encl.:a/s

Executive Order No. 202, s. 1987

Signed on June 19, 1987 (<http://www.gov.ph/1987/06/19/executive-order-no-202-s-1987/>)

MALACAÑANG

MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 202

CREATING THE LAND TRANSPORTATION FRANCHISING AND REGULATORY BOARD

WHEREAS, the Department of Transportation and Communications is vested with, among others, quasi-judicial powers and functions pursuant to Executive Order No. 125, as amended;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Creation of the Land Transportation Franchising and Regulatory Board. There is hereby created in the Department of Transportation and Communications, the Land Transportation Franchising and Regulatory Board, hereinafter referred to as the "Board".

SECTION 2. Composition of the Board. The Board shall be composed of a Chairman and two (2) members with the same rank, salary and privileges of an Assistant Secretary, all of whom shall be appointed by the President of the Philippines upon recommendation of the Secretary of Transportation and Communications. One (1) member of the Board shall be a member of the Bar and shall have engaged in the practice of law in the Philippines for at least five (5) years, another a holder of a degree in civil engineering, and the other a holder of a degree in economics, finance or management both with the same number of years of experience and practice.

SECTION 3. Executive Director and Support Staff of the Board. The Board shall have an Executive Director who shall also be appointed by the President of the Philippines upon the recommendation of the Secretary of Transportation and Communications. He shall have the rank, salary and privileges of a Department Service Chief. He shall assist the Board in the performance of its powers and functions.

The Board shall be supported by the Technical Evaluation Division, Legal Division, Management Information Division, Administrative Division and Finance Division.

SECTION 4. Supervision and Control Over the Board. -The Secretary of Transportation and Communications, through his duly designated Undersecretary, shall exercise administrative supervision and control over the Land Transportation Franchising and Regulatory Board.

SECTION 5. Powers and Functions of the Land Transportation Franchising and Regulatory Board. The Board shall have the following powers and functions:

- a. To prescribe and regulate routes of service, economically viable capacities and zones or areas of operation of public land transportation services provided by motorized vehicles in accordance with the public land transportation development plans and programs approved by the Department of Transportation and Communications;
- b. To issue, amend, revise, suspend or cancel Certificates of Public Convenience or permits authorizing the operation of public land transportation services provided by motorized vehicles, and to prescribe the appropriate terms and conditions therefor;
- c. To determine, prescribe and approve and periodically review and adjust, reasonable fares, rates and other related charges, relative to the operation of public land transportation services provided by motorized vehicles;
- d. To issue preliminary or permanent injunction, whether prohibitory or mandatory, in all cases in which it has jurisdiction, and in which cases the pertinent provisions of the Rules of Court shall apply;
- e. To punish for contempt of the Board, both direct and indirect, in accordance with the pertinent provisions of, and the penalties prescribed by, the Rules of Court;
- f. To issue subpoena and subpoena duces tecum and to summon witnesses to appear in any proceedings of the Board, to administer oaths and affirmations;

g. To conduct investigations and hearings of complaints for violation of the public service laws on land transportation and of the Board's rules and regulations, orders, decisions and/or rulings and to impose fines and/or penalties for such violations;

h. To review motu proprio the decisions/actions of the Regional Franchising and Regulatory Office herein created;

i. To promulgate rules and regulations governing proceedings before the Board and the Regional Franchising and Regulatory Office: Provided, That except with respect to paragraphs d, e, f and g hereof, the rules of procedure and evidence prevailing in the courts of law should not be controlling and it is the spirit and intention of said rules that the Board and the Regional Franchising and Regulatory Offices shall use every and all reasonable means to ascertain facts in its case speedily and objectively and without regard to technicalities of law and procedures, all in the interest of due process;

j. To fix, impose and collect, and periodically review and adjust, reasonable fees and other related charges for services rendered;

k. To formulate, promulgate, administer, implement and enforce rules and regulations on land transportation public utilities, standards of measurements and/or design, and rules and regulations requiring operators of any public land transportation service to equip, install and provide in their utilities and in their stations such devices, equipment, facilities and operating procedures and techniques as may promote safety, protection, comfort and convenience to persons and property in their charges as well as the safety of persons and property within their areas of operations;

l. To coordinate and cooperate with other government agencies and entities concerned with any aspect involving public land transportation services with the end in view of effecting continuing improvement of such services; and

m. To perform such other functions and duties as may be provided by law, or as may be necessary, or proper or incidental to the purposes and objectives of this Executive Order.

SECTION 6. Decision of the Board; Appeals therefrom and/or Review thereof. The Board, in the exercise of its powers and functions, shall sit and render its decision en banc. Every such decision, order, or resolution of the Board must bear the concurrence and signature of at least two (2) members thereof.

The decision, order or resolution of the Board shall be appealable to the Secretary within thirty (30) days from receipt of the decision: Provided, That the Secretary may motu proprio review any decision or action of the Board before the same becomes final.

SECTION 7. Creation of Regional Franchising and Regulatory Offices. There shall be a Regional Franchising and Regulatory Office in each of the administrative regions of the country which shall be headed by a Board Regional Manager having the rank, salary and privileges of a Department Assistant Regional Director. The Regional Franchising and Regulatory Offices shall hear and decide uncontested applications/petitions for routes, within their respective administrative regions: Provided, That applications/petitions for routes extending beyond their respective territorial jurisdictions shall be heard and decided by the Board.

Section 8. Appeals. The decisions, orders or resolutions of the Regional Franchising and Regulatory Offices shall be appealable to the Board within thirty (30) days from receipt of the decision.

Section 9. Appropriations. Funds needed to carry out the provisions of this Executive Order shall be taken from the funds available in the Department of Transportation and Communications. Thereafter, the approved budget of the Board shall be included in the General Appropriations Act.

Section 10. Effectivity. This Executive Order shall take effect immediately.

Done in the City of Manila, this 19th day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:

(Sgd.) **JOKER P. ARROYO**
Executive Secretary

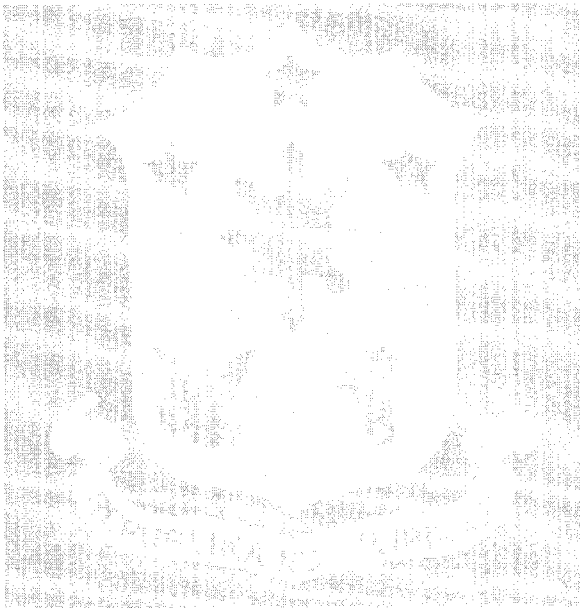
Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). [*Executive Order Nos. : 171-390*]. Manila :
Presidential Management Staff.

RESOURCES

- [PDF] [Executive Order No. 202, June 19, 1987](http://www.gov.ph/downloads/1987/06jun/19870619-EO-0202-CCA.pdf)
(<http://www.gov.ph/downloads/1987/06jun/19870619-EO-0202-CCA.pdf>)

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REPUBLIC OF THE PHILIPPINES

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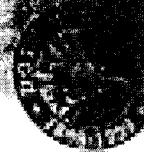
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MEMORANDUM CIRCULAR NO. 99-011

SUBJECT : Passenger Accident Insurance Requirement For PUV Operators

Presidential Decree 1460, otherwise known as the Insurance Code of the Philippines, provides: "It shall be unlawful for any land transportation operator or owner of a motor vehicle to operate the same in the public highways unless there is in 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, PD1460)

Pursuant thereto, the LTFRB passed Memorandum Circular No. 90-002 dated January 22, 1990 requiring all Metro Manila PUV, 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.



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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 Per Accident	
	Death Benefits	Medical Benefits
Buses/ Mini-Buses	P1,250,000.00	P312,500.00
Jeepneys	500,000.00	125,000.00
AMV's, Vans, FX and Other vehicles of similar Seating capacity	250,000.00	62,500.00
Sedans	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 sending thereto a copy of the insurance policy or proof 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 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 imposed shall be cancellation of the certificates of public convenience issued to the operator concerned.