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March 22, 2002

CIRCULAR LETTER NO. 8 - 2002

TO : All Insurance Companies, Insurance Brokers, and
Insurance Agents

SUBJECT : Joint Land Transportation Office (LTO) and Insurance
Commission (IC) Memorandum Circular

In connection with the subject Circular dated March 14, 2002, all concerned are hereby directed to coordinate with the Insurance and Surety Association of the Philippines (ISAP) as regards the required Information Technology Application for the Compulsory Third Party Liability (CTPL) insurance coverage for motor vehicles.

Any proposed scheme compliant with the requirements of the joint memorandum circular must be presented to the Land Transportation Office (LTO) and Insurance Commission (IC) on or before April 8, 2002.

For strict compliance.


EDUARDO T. MALINIS
Insurance Commissioner

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**JOINT LAND TRANSPORTATION OFFICE (LTO) AND
INSURANCE COMMISSION (IC) MEMORANDUM CIRCULAR**

TO: (a) All Regional Directors, Assistant Regional Directors, Heads of District Offices, Head-LTO-IT Project Management Committee; and,

(b) All Insurance Companies, Insurance Agents and Insurance Brokers doing business in the Philippines and all others concerned.

SUBJECT: Information Technology Application for Compulsory Third Party Liability (CTPL) Insurance

DATE: 14 March 2002

The Land Transportation Office and the Insurance Commission, together with the private sector (consumers associations, insurance companies, drivers associations, bus operators, etc.), earlier identified the problems in Compulsory Third Party Liability (CTPL) insurance and agreed to eradicate them jointly. It appears that the immediate solution to these problems is the establishment, as suggested, of a system of registration and verification on real time basis of CTPL insurance Certificates of Cover using modern and effective information technology.

In this connection, the following technical procedures are to serve as the fundamental guidelines of all concerned LTO officials, Insurance Companies, Insurance Brokers, Insurance Agents and other parties concerned for the proper implementation of the required information technology (IT) link-up by all IC/LTO accredited insurance companies engaged in CTPL insurance business:

1. The IT application provider must have the technical, procedural and managerial capabilities to design, build, establish, maintain and manage a system of registration and verification of all Certificates of Cover issued by LTO - accredited insurance companies in real time with utmost skill, transparency and reliability.
2. The IT application provider must design and establish a process of registering and verifying Certificates of Cover, with the objective of achieving the following results:

- a. Integration of the system of registration and verification of the Certificates of Cover with the existing workflow of the LTO and its offices nationwide;
 - b. Fully automated (no unsupervised nor unofficial human intervention) registration and verification process of all issuances of Certificates of Cover in real time and available at all times;
 - c. Establishment of a database center and related systems that are completely independent and solely built for registration and verification processes of Certificates of Cover;
 - d. Establishment of a technical infrastructure that will allow concerned LTO and IC personnel access to view the transactions relating to registration and verification of Certificates of Cover;
 - e. Establishment of a system that will confirm whether the insurance company, broker and agent issuing the COC is duly licensed and accredited by the Insurance Commission; and,
 - f. Provide the LTO and the IC with a comprehensive real time reporting and analysis of CTPL transactions.
3. The IT application provider may coordinate with the different LTO officials, Insurance Companies, Insurance Agents, Insurance Brokers and other parties concerned for the proper and timely accomplishment of system and procedural requirements.
 4. The IT application provider is required to provide orientation meetings to all LTO district chiefs, Insurance Companies, Insurance Brokers, Insurance Agents and other parties concerned, at no expense to the government, to ensure that the system is fully understood prior to system implementation.
 5. All concerned parties to the earlier agreement of the LTO and the IC with the proponent IT application provider to eradicate the identified problems in CTPL insurance, as well as all LTO officials and other technical service providers currently implementing different but technically related information management systems, are directed to respect and comply with said agreement.

All concerned LTO and Insurance Commission officials are required to provide or make available immediately or without undue delay to the IT application provider the daily summation of all motor vehicles registered as a basis of actual tally with the Certificates Cover issued.

All Insurance Companies, Insurance Agents and Insurance Brokers operating in the Philippines are required to submit to the above technical procedures, hence, engage in CTPL insurance under the following condition:

1. All CTPL Certificates of Cover issued must be registered and verified on real time basis under the information technology (IT) system laid down in this circular.
2. LTO officials shall not accept any CTPL Certificates of Cover issued by an insurance company if said certificate does not conform to the technical requirement herein specified.

The technical procedures laid down in this memorandum circular shall commence on April 15, 2002 for the National Capital Region, and substantially nationwide within thirty (30) days from date of initial operations, subject to a continuing and progressive technical review by the IT application provider as well as the LTO and IC, in aid of proper and efficient implementation of this circular.

For guidance and strict compliance.


ROBERTO T. LASTIMOSO
Assistant Secretary
Land Transportation Office


EDUARDO T. MALINIS
Commissioner
Insurance Commission

