

Are you paying more than P625 for one-year coverage of CTPL insurance?

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A private-vehicle owner should pay no more than P625.40 for a Comprehensive Third-Party Liability (CTPL) insurance. Premium rates for CTPL insurance policies are highly regulated. The price is the same for all private vehicles all over the country. No insurance company should charge more than the amount fixed by the Insurance Commission (IC). If you are being charge more than this

amount, then the insurance agent is committing the crime of estafa for which you have the legal right to file a criminal complaint with the nearest police precinct.

There are seven vehicle classifications with different CTPL insurance premiums. These classifications and the corresponding CTPL premiums are: 1) private vehicle—P625.40; 2) light and medium trucks (not over 3,930 kg)—P675.40; 3) heavy trucks (over 3,930 kg)—P1,265.40; 4) tourist cars—P805.40; 5) taxis, public utility jeepneys and minibus—P1,165.40; 6) public utility bus and tourist bus—P1,515.40; and 7) motorcycles, tricycles and trailers—P315.40. There are six ingredients that go into determining the total premium payable. These are: 1) the basic premium as computed by the IC; 2) the documentary-stamp tax, which is at 12.50 percent; 3) the expanded valued-added tax (E-VAT); 4) the local government tax; 5) the Stradcom fees; and 6) the authentication fees.

Pursuant to Insurance Memorandum Circular 4-2006, dated July 26, 2006, the total premium (for one-year coverage) for 1) private vehicles is P560; 2) for light and medium trucks, P610; 3) for heavy trucks, P1,200; 4) for tourist cars, P740; 5) for taxis, PUJs and minibus, P1,100; 6) for PUB and tourist bus, P1,450; and for 7) motorcycles, tricycles and trailers, P250.

These amounts are the sums of the basic premium (pegged by the IC), the documentary-stamp tax (fixed at 12.50 percent) and E-VAT (fixed at 12 percent), and the local government tax (LGT), which varies depending on the local government unit, but has been fixed at a maximum of 0.75 percent. To be added to the total premium is the Stradcom Fees, which has been fixed at

P50.40. Also to be added is the authentication fees imposed by the Philippine Insurers and Reinsurers Association (Pira) and the Organization of Insurance Companies of the Philippines (OICP). The Pira authentication fee is P14.46, while the OICP authentication fee is P15. The total of these fees is fixed and cannot be increased further without violating the Insurance Code. It should be noted that a “private vehicle” covers both sedan and sport utility vehicles, and both vehicles should cost no more than P625 in CTPL insurance. In this regard, Pira has issued Pira Circular 006-2007, dated January 10, 2007 on the sample computations of CTPL premiums.

The basic premium pegged by the IC is also already inclusive of the agent’s commission. Under Circular Letter 10-2003, dated December 3, 2003, nonlife-insurance companies were reminded “to adhere to the 10-percent commission rate for CTPL business as prescribed in the Insurance Code.” This is pursuant to Section 400 of the Amended Insurance Code. Likewise, only 10 percent of the premiums must be allocated for marketing expenses, to be taken from the basic premium. The Stradcom fee is the sum of the basic fee of P45 plus the 12-percent VAT.

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