



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



Legal Opinion (LO) No.:	2021-14
Date:	18 November 2021

MR. ALLAN P. SUMAGUI

Assistant Claims Manager – Motorcar
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Subject: **Query on CTPL Evaluation**

Dear **Mr. Sumagui**:

This refers to your email dated 10 August 2021 requesting for the issuance of a legal opinion on the payment of claims in relation to compulsory third party liability (CTPL) coverage. The relevant facts are as follows:

“Paramount Insurance is the CTPL insurer while Excess BI coverage is from another insurance company. There were 4 bodily injuries in this claim and some of the schedule of indemnities had been exhausted already. In particular, victim 1 had a medical expense for medicines of more than P20,000.00 (maximum medicine coverage of CTPL) and Paramount Insurance transferred the excess amount to ExBi coverage (another insurance company) to cover them but this insurance company insisted that the excess amount for medicine should still be covered by CTPL until the P100,000.00 coverage has been exhausted.”

Relevant to the foregoing, you seek confirmation of your position that any excess amount beyond the schedule of indemnities will be covered by the Excess Bodily Injury (“Excess BI”) cover regardless of the number of victims.

Upon careful consideration of your query, the Insurance Commission clarifies that **any amount exceeding the maximum reimbursable fees and/or charges**

provided in the Schedule of Indemnities for Bodily Injury and/or Death ("the Schedule of Indemnities"), computed per individual claimant, shall be covered by the Excess Bodily Injury cover. Section I, Item I of the standard policy conditions for motor car insurance provides as follows:

"1. The Company will pay all sums necessary to discharge liability of the Insured, arising from all expenses and damages directly resulting from any bodily injury and/or death to any Third Party or Passengers (excluding all moral, exemplary and other incidental damages, expenses and loss of income) in an accident caused by the use of Scheduled Vehicle, provided that the Insured's liability shall have first been determined, but not exceeding in the aggregate P100,000.00 per occurrence or any one occurrence, regardless of the number of individual-claims."

Meanwhile, Section I, Item 4 of the standard policy conditions provides that:

"4. In the event of accident involving indemnity under this Policy to more than one person, the Limits of Liability shall not exceed the aggregate amount so specified by Law to all persons to be indemnified. x x x"

Items 1 and 4 of Section I must be read in conjunction with the Schedule of Indemnities provided in the standard policy conditions for motor car insurance. Hence, in case of bodily injuries arising from an accident caused by the use of the scheduled vehicle, each individual claimant is entitled to an amount not exceeding the maximum reimbursable fee set forth in the Schedule of Indemnities, provided that the amount payable shall not exceed the aggregate amount of Php. 100,000.00 regardless of the number of individual claims.

Thus, in the present case where one of the individual claimants had medicine expenses exceeding Php. 20,000.00, which is the maximum reimbursable amount for drugs and medicine per the Schedule of Indemnities, Paramount Life & General Insurance Corporation is only liable up to the amount of Php. 20,000.00 per individual claimant regardless of whether or not the Php. 100,000.00 CTPL coverage has already been exhausted. Meanwhile, any amount paid for medicines exceeding the maximum reimbursable amount of Php. 20,000.00, computed per individual claimant, shall be covered by the Excess BI cover.

It must be emphasized that the aggregate amount of Php. 100,000.00 mentioned in Section I, Item 1 of the standard policy conditions does not pertain to the total amount that must first be exhausted before claims may be made under the Excess BI cover. Instead, the said amount pertains to the maximum aggregate amount that the insurer shall be required to pay per occurrence regardless of the number of individual claims. Hence, once the amount of the maximum reimbursable fee has been exceeded, computed per individual claimant, a claim

may already be made against the Excess BI cover even if the total expenses and damages resulting from the bodily injury have not yet exceeded the Php. 100,000.00 limit.

Please note that the above opinion rendered by this Commission is based solely on the particular facts disclosed in the query and relevant solely to the particular issues raised therein and shall not be used, in any manner, in the nature of a standing rule binding upon the Commission in other cases whether for similar or dissimilar circumstances.

Thank you.

Very truly yours,

DENNIS B. FUNA
Insurance Commissioner

