



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



**PRESS RELEASE**  
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**IC EVALUATES PROPOSED ASSISTANCE PROGRAM IN JEEPNEY  
MODERNIZATION PROGRAM**

The Insurance Commission (IC) is currently evaluating the proposals for the lowering of premium being collected by insurance companies on comprehensive motor insurance and for the extension of loans by insurance companies to jeepney operators relative to the jeepney-modernization program of the government.

According to Insurance Commissioner Dennis B. Funa, Kilusan sa Pagbabago ng Industriya ng Transportasyon (KAPIT), a transport group, requested for the reduction of the upfront and recurring cost of jeepney operators by lowering the insurance premium being charged by insurance companies for comprehensive motor vehicle insurance in relation to the jeepney-modernization program.

"As to the proposal on the lowering of insurance premiums, the IC was informed by KAPIT that it had spoken with several insurance companies which manifested their willingness to explore ways to make motor car insurance product more affordable," said Commissioner Funa.

In addition, KAPIT likewise proposed that insurance companies be allowed to extend loans to jeepney operators, transport groups, cooperatives, and transport management companies and for the said loans to be considered as "admitted asset" of the lender-insurance provider.

Commissioner Funa said, "KAPIT manifested that the modernization program will require huge amount of funding. In order for jeepney operators to avail of new vehicles, KAPIT is proposing that insurance companies be allowed to extend loans to jeepney operators. With this proposal, jeepney operators will have more options on where to source the funding for the acquisition of new vehicles."

"Based on the letter of KAPIT, the jeepney-modernization program will need P66 billion a year for the next three (3) years. Hence, their proposal to the insurance industry will help reduce the costs of this program on the part of jeepney operators," said Commissioner Funa.

In order to assist KAPIT and to properly evaluate their proposal, the IC requested the Philippine Insurers and Reinsurers Association, Inc. (PIRA), the umbrella organization of all non-life insurance companies in the Philippines, to submit their comments to the said proposals.

According to Commissioner Funa, "Based on the initial comments from PIRA, it expressed its willingness to lower the premiums being collected from jeepney operators but subject to the compliance with the minimum tariff rates imposed by the IC."

Commissioner Funa clarified that insurance companies offering motor car insurance products are bound to observe the minimum and maximum range of premium rate for insurance coverage to be collected in motor car insurance. This means that insurance companies cannot charge premiums below the premium rate imposed by the IC. At present the basic rate for Loss and Damage insurance coverage is at 1.5% to 2.0% of the value of the motor vehicle, while the premium for acts of nature coverage is subject to a minimum rate of 0.50% of the value of the motor vehicle.

The IC is expected to meet with KAPIT and PIRA to further discuss the proposal of KAPIT.

The Department of Transportation officially launched the Jeepney Modernization Program which seeks to provide safe, comfortable and environmentally sustainable mode of public transport to commuters. The program aims, among others, to phase out old and dilapidated jeepneys which should be replaced by units which are either powered by Euro 4 engines or electrically powered with solar panels roofs.

  
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