



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
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Manila



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INSURANCE COMMISSION SUPPORTS CLAMOR TO INCREASE PUV PASSENGERS' INSURANCE

The Insurance Commission (IC) expressed its support for the proposal to increase the insurance benefits for passengers of public utility vehicles (PUVs) under the Personal Passenger Accident Insurance (PPAI) Program.

Insurance Commissioner Dennis B. Funa said that the IC referred to the Land Transportation Franchising and Regulatory Board (LTFRB) the proposal from 1-United Transport Koalisyon (1-Utak) to increase the insurance benefits under the mandatory insurance cover for passengers of PUVs prescribed under LTFRB Memorandum Number 2015-028 after it had conducted a public consultation with all the stakeholders and the transport groups.

According to Commissioner Funa, "As the public transportation in the country continues to evolve, it has become very important for all PUVs to have sufficient insurance coverage for the protection of the riding public in the event of accidents."

He added, "Based on the reports submitted to the IC, particularly the amount of insurance claims paid and settled under the PPAI Program and the prompt release of insurance benefits, the PPAI Program proves to be an effective tool in providing immediate assistance to the riding public and their families. Thus, any proposal to increase the insurance benefits should always be considered and evaluated."

Prior to referring the said proposal to the LTFRB, the IC referred the matter to the insurance industry particularly to the LTFRB-accredited insurance companies through their respective management companies, Passenger Accident Management and Insurance Agency, Inc. (PAMI) and SCCI Management and Insurance Agency Corporation (SCCI), as well as to the Philippine Insurers and Reinsurers Association, Inc. (PIRA).

"Based on the study conducted by the PIRA, the umbrella organization of all non-life insurance companies and an IC-accredited rating organization, the existing premium rates, using the historical numbers and actual insurance claims paid and settled for the period from 2015 to June 2017, could no longer sustain the proposed increase in benefits. Thus, it proposed that the premium rates be increased," said Commissioner Funa.

He added, "The proposal on the increase in benefits, as well as the recommendation to increase the premium rates, was presented during a public consultation held last month at the IC's head office attended by the leaders of different transport groups representing the jeepney, taxi, bus, AUV and truck segments, and the LTFRB-accredited insurance companies as represented by their insurance and management companies, the LTFRB and the IC."

According to Commissioner Funa, the final consensus reached during the public consultation was a proposal to increase the existing P200,000.00 death benefit to P400,000.00 and the existing P20,000.00 medical reimbursement benefit to P100,000.00, and to include a family allowance benefit in the maximum amount of P30,000.00 in case of hospitalization and P7,000.00 during interment subject to the increase in premium rates, and further subject to the requests of PAMI and SCCI that its Memorandum of Agreement with LTFRB be extended for another three (3) years, among others.

He said, "Considering that these proposals would require a modification in the PPAI Program which is primarily being implemented by the LTFRB and would require the revisit of LTFRB's 3-year MOA with PAMI and SCCI that will expire on November 2018, we referred the same to the LTFRB."

Commissioner Funa clarified that, "Should the LTFRB approve the proposals on the enhancement of the PPAI Program, the necessary amendment in the existing benefits as embodied in an insurance policy, as well as any changes in the premium rate, should have prior approval from the IC."

The latest increase in the benefits under the passenger insurance program was implemented in 2015 with no corresponding increase in premium rates, except for the bus segment which was increased by P500.00.


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