



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



Legal Opinion (LO) No:	2022-14
Date:	28 July 2022

**ATTY. MARIA TERESA L. LEE-RAFOLS**

Office of the Ombudsman  
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Subject: **Legal Opinion on the Application  
Of Circular Letter No. 2021-54  
(Guidelines on the Synchronization of the  
Period of Coverage of Comprehensive  
Motor Car Insurance Policies with the  
Date of Motor Vehicle Registration)**

Dear **Atty. Lee-Rafols**:

This refers to your letter dated 21 June 2022 which was received by this Commission on 22 June 2022 via electronic mail. In the said letter, you stated the following facts, to wit:

- a.) That you registered your motor vehicle at the Land Transportation Office (LTO) with Compulsory Third Party Liability (CTPL) last 14 February 2022;
- b.) That you have availed Comprehensive Motor Car Insurance Policy from Charter Ping An Insurance Corporation (referred to as AXA) and paid a total premium of Sixteen Thousand Six Hundred Twenty-Six Pesos and Thirty-Five Centavos (**Php. 16,626.35**);
- c.) That the policy issued by AXA covers your motor vehicle from March 28, 2022 to March 01, 2023 or less than one (1) year and you felt shortchanged because of the shortened period of coverage (almost 1 month or 26 days reduction);
- d.) That you want a full one year coverage of your insurance policy and requested for a clarification on the erroneous application of AXA of Circular Letter No. 2021-54 or otherwise known as "Guidelines on the

Synchronization of the period of Coverage of Comprehensive Motor Car Insurance Policies with the date of Motor Vehicle Registration.

At the onset, let it be emphasized that the primordial purpose of Circular Letter No. 2021-54 is to ensure efficiency in the registration or renewal of registration of motor vehicle as well as to avoid redundancy on CTPL coverage of motor car insurance policies.

The objective of synchronization is to harmonize with the requirement of LTO that the period of insurance be coterminous with the month of registration of the motor vehicle as indicated in the last digit of the motor vehicle plate number. Thus, whenever there is CTPL, the same should be coterminous with the motor vehicle registration.

Section 2 of CL No. 2021-54 provides that, to quote:

***Synchronization of the Period of Coverage of Comprehensive Motor Car Insurance Policies with the Date of Motor Vehicle Registration-***

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*b. For purposes of renewal of registration of motor vehicles already covered by a comprehensive motor car insurance policy with a CTPL cover, the coverage of which is not synchronized with the month of motor vehicle registration, the insurer shall allow the extension of the period of coverage of the comprehensive motor car insurance policy, as may be necessary to make the period of coverage of such comprehensive motor car insurance policy coterminous with the month of motor vehicle registration with the LTO, subject to the payment of additional premium.*

*It shall be the responsibility of the insurer and its agents to inform the insured that the period of coverage of the comprehensive motor car insurance policy may be extended, at the option of the insured, as well as to apprise the insured as to the term of such extension.*

It can be inferred from the above-mentioned provisions of the said CL-2021-54 that the insurer shall allow the extension of the period of coverage of the said comprehensive motor car insurance policy, as may be necessary to make the period of coverage of the subject policy coterminous with the month of motor vehicle registration with the LTO, subject to the payment of additional premium. Be that as it may, the said Circular Letter does not impose any prohibition on the insurer to shorten the period of coverage for purposes of synchronization. Hence, the insurer is allowed to extend or shorten the period of coverage of the motor car insurance policy.

As regards the issue on the premium you had paid with a total amount of **Php. 16,626.35**, it is necessary that this matter be clarified with the insurance provider. If the amount paid as premium corresponds to the shortened period, a proportionate return of the premium is no longer necessary. On the other hand, if the amount paid as premium corresponds to a one (1) year coverage, the insurer is required to return a proportionate amount resulting from a shortened coverage period.

Meanwhile, please also note that Section 4 of CL 2021-54 provides that:

**Options of the Insured.** - For purposes of procuring a motor car insurance policy, the insured shall have the option to avail of any of the following:

- (1) Stand-alone CTPL policy containing Sections I and II, as provided in Section 1 of this Circular; or
- (2) Comprehensive motor car insurance policy with a CTPL cover; or
- (3) Comprehensive motor car insurance policy without a CTPL cover

*Provided, that a comprehensive motor car insurance policy without a CTPL cover shall only be issued in instances where there is already an existing stand-alone CTPL policy. Provided, further, That existing holders of stand-alone CTPL policy shall, upon its renewal, have the option to upgrade their coverage to a comprehensive motor car insurance policy with CTPL cover, subject to the payment of additional premium. Provided, finally. That a CTPL cover, be it as a stand-alone policy or included in a comprehensive motor car insurance policy, shall be in force at all times, in accordance with Section 387 of the Insurance Code, as amended.*

The said Section 4 of CL 2021-54 allows the insured to avail of a comprehensive motor car insurance policy without a CTPL provided that there is already an existing stand-alone CTPL policy and upon its renewal, the insured shall have the option to upgrade his/her coverage to a policy with a CTPL subject to the payment of additional premium. In your case, there is already an existing CTPL (procured upon your motor car registration at LTO dated 22 February 2022) when you availed the comprehensive insurance policy with AXA. Thus, the client may invoke for one (1) year Comprehensive coverage without a CTPL insurance. Be that as it may, let it be clarified that the issuance of a shortened coverage is not necessarily wrong. The insurance company may have intended to apply synchronization but inadvertently missed the application of Section 4 of the said Circular Letter.

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 a nature of a standing rule binding upon the Commission in other cases whether for similar or dissimilar circumstances.

For your information and guidance.

Very truly yours,

**DENNIS B. FUNA**  
Insurance Commissioner

