



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



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**IC ADDRESSES ARTA'S CONCERN
ON MOTOR CAR INSURANCE THROUGH
NEW CIRCULAR LETTER**

On 16 September 2021, Insurance Commissioner Dennis Funa issued Circular Letter ("CL") No. 2021-54 on the "Guidelines on the Synchronization on the Period of Coverage of Comprehensive Motor Car Insurance Policies with the Date of Motor Vehicle Registration".

"This Circular Letter aims to address the concern of the Anti-Red Tape Authority (ARTA) as regards the perceived redundancy of the requirement of getting Compulsory Third-Party Liability Insurance (CTPL) when a motor vehicle is already covered by a comprehensive motor car insurance policy," Commissioner Funa said.

Under CL No. 2021-54, which was issued after due consultations with ARTA, the Land Transportation Office (LTO), and the Philippine Insurers and Reinsurers Association, Inc. (PIRA), motor car insurers are now required to ensure that the period of coverage of all motor car insurance policies issued containing CTPL cover shall be coterminous with the month of the registration of the insured vehicle. This is regardless of whether such policies are stand-alone CTPL policies or comprehensive motor car insurance policies with CTPL provisions.

"The Circular aims to ensure efficiency in the registration or renewal of registration of motor vehicles, as well as to avoid redundancy in the coverage of motor car insurance policies," added Commissioner Funa.

Said Circular Letter directs all insurance companies offering motor car insurance to allow for the extension of the period of coverage of comprehensive motor car policies with CTPL cover to synchronize the period of coverage with the month of the registration of the insured vehicle, as indicated by the last digit of said vehicle's plate number. Insurers and their agents are also obliged to inform the insured that the respective periods of their comprehensive motor car policies with CTPL cover may be extended at the latter's option, as well as the terms of such extension.

Notably, in the interest of facilitating ease of transactions by the general public with the LTO, CL No. 2021-54 also provides that insurers issuing motor car policies, whether comprehensive motor car policies with CTPL provisions or stand-alone CTPL policies, shall ensure real-time authentication by the LTO of the Confirmation of Cover (COC) that it issued.

Prior to the issuance of the new Circular Letter, ARTA expressed its gratitude to the Insurance Commission “for its immediate action on the matter and for supporting ARTA’s continued efforts towards ease of doing business and the efficient delivery of government services to the public”.

“The Insurance Commission greatly appreciates the multi-sectoral collaborative relationships that we have with the ARTA and the LTO, as well as the industry association. In line with our mandate, the insuring public can rest assured that we will maintain such relationships in the development of prudent and progressive regulatory policies at par with international standards,” said Commissioner Funa.



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