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SENATE  
SB No. **3566**

**Introduced by Senator Aquilino Q. Pimentel, Jr.**

#### EXPLANATORY NOTE

The country experienced the costliest natural disaster. The recent devastation brought by strong typhoons "Ondoy" and "Pepeng" claimed, not only many lives, but also destroyed millions of properties which were not spared from nature's wrath.

As a result, insurance claims from water-logged motor vehicles reached billions of pesos.

It is however unfortunate that some insurance companies deliberately resort to "Acts of God" clause in insurance policy to avoid payments to insured car owners, leaving comprehensive insurance plan holders helpless in the midst of enormous losses.

This is a deceptive policy of several insurance companies which refuses to indemnify owners of motor vehicles, despite the fact that their motor vehicles are covered by comprehensive insurance policy.

This bill seeks to address this scenario by proposing an amendment to the Insurance Code.

Under this legislative measure, it is proposed that in case of a comprehensive motor vehicle insurance, no policy shall be issued and delivered in the Philippines unless it contains in substance the provision that comprehensive motor vehicle insurance shall cover all fortuitous events, such as floods, landslides, typhoon, volcanic eruptions, earthquakes and other related natural calamities provided that the accident, loss, damage or liability is directly or indirectly, proximately or remotely occasioned by, contributed to by or traceable to, arising out of, or in connection with the aforementioned natural events.

Such inclusion of fortuitous events in the comprehensive motor vehicle insurance shall be subject to additional fees, as may be prescribed by the Insurance Commission.

In view thereof, earnest approval of this bill is requested.

  
**AQUILINO Q. PIMENTEL, JR.**

14<sup>th</sup> Congress of the Republic )  
of the Philippines )  
3<sup>rd</sup> Regular Session )

SENATE  
OFFICE OF THE SECRETARY

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SB No. **3566**

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**AN ACT AMENDING SECTION 385 OF PRESIDENTIAL DECREE NO. 1460, AS AMENDED BY PRESIDENTIAL DECREE 1455, OTHERWISE KNOWN AS THE INSURANCE CODE OF THE PHILIPPINES**

*Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:*

SECTION 1. Section 385 of Presidential Decree 1460 otherwise known as the Insurance Code, as amended by Presidential Decree 1455, is hereby amended to read as follows:

"Section. 385. The insurance company concerned shall forthwith ascertain the truth and extent of the claim and make payment within five working days after reaching, an agreement. If no agreement is reached, the insurance company shall pay only the "no fault" indemnity provided in section three hundred seventy-eight without prejudice to the claimant from pursuing his claim further, in which case, he shall not be required or compelled by the insurance company to execute any quit-claim or document releasing it from liability under the policy or insurance or surety bond issued."

**IN CASE OF A COMPREHENSIVE MOTOR VEHICLE INSURANCE, NO POLICY SHALL BE ISSUED AND DELIVERED IN THE PHILIPPINES UNLESS IT CONTAINS IN SUBSTANCE, THE PROVISION THAT COMPREHENSIVE MOTOR VEHICLE INSURANCE SHALL COVER ALL FORTUITOUS EVENTS, SUCH AS FLOODS, LANDSLIDES, TYPHOON, VOLCANIC ERUPTIONS, EARTHQUAKES, AND OTHER RELATED NATURAL CALAMITIES, PROVIDED THAT THE ACCIDENT, LOSS, DAMAGE OR LIABILITY IS DIRECTLY OR INDIRECTLY, PROXIMATELY OR REMOTELY OCCASIONED BY, CONTRIBUTED TO BY OR TRACEABLE TO, ARISING OUT OF, OR IN CONNECTION WITH THE AFOREMENTIONED NATURAL EVENTS.**

**SUCH INCLUSION OF FORTUITOUS EVENTS IN THE COMPREHENSIVE MOTOR VEHICLE INSURANCE SHALL BE SUBJECT TO ADDITIONAL FEES, AS MAY BE PRESCRIBED BY THE INSURANCE COMMISSION.**

In case of any dispute in the enforcement of the provisions of any policy issued pursuant to this Chapter, the adjudication of such dispute shall be within the original and exclusive jurisdiction of the Commissioner, subject to limitations provided in section four hundred sixteen."

SECTION 2. Repealing Clause. All laws, executive orders, rules and regulations or any part thereof inconsistent herewith are deemed repealed, modified or amended accordingly.

SECTION 3. Separability Clause. In case any provision of this Act is declared unconstitutional or invalid, the other provisions hereof which are not affected thereby shall continue in full force and effect.

SECTION 4. Effectivity. — This Act shall take effect fifteen (15) days after its publication in two (2) national newspapers of general circulation.

Approved,