



SIXTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

14 OCT 30 A8:31

SENATE

S.B. No. 2441

RECEIVED BY: JW

Introduced by Senator **JOSEPH VICTOR G. EJERCITO**

**AN ACT REQUIRING ACCIDENT AND LIFE INSURANCE COVERAGE
FOR RAILWAY TRANSIT PASSENGERS**

EXPLANATORY NOTE

The 1987 Philippine Constitution, particularly Article II, Section 5 provides that: "The maintenance of peace and order, the protection of life, liberty, and property, and promotion of the general welfare are essential for the enjoyment by all the people of the blessings of democracy."

This declared principle and state policy has been provided in the constitution for our Government to be reminded of its duty of putting the general welfare of the public to be prioritized at all time bearing in mind that part of our government's obligation is to provide a safe, efficient, affordable, and well-secured public transportation suffice to accommodate our normal daily number of our riding public.

The rail transit system in our country has become the most popular mode of land transportation that provides alternative for people who do not want to battle everyday heavy traffic, not to mention, its cheaper fares, as well as, one of found solution to curtail congestion in Metro Manila.

The Metro Rail Transit System (MRT-3), which is a 16.9-kilometer railway transit system along EDSA, was constructed as part of a strategy to alleviate traffic congestion along EDSA. It has a fleet of 73 modern and air-conditioned rail cars built by CKD Dopravni System of Prague in the Czech Republic and were completed with its full operation in July 2000. The MRT was designed to carry 350,000 passengers a day¹.

On the other hand, the Philippine National Railways (PNR), which has been in service for about 122 years, is still in operation and currently utilizing 8 train sets for a total of 54 trips daily including the Premiere

¹ DOTC

Commuter Train in Metro South Commuter Lines and 1 set at Naga for Bicol Commuter Line. Based on the PNR, through its general manager Allan Dilay, the train accommodates more or less 100,000 passengers daily.

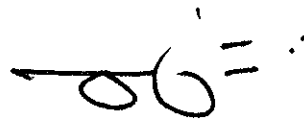
Further, Light Rail Transit (LRT), which has been in service for more than 30 years, can accommodate more than 500,000 passengers daily.²

Recently, several accidents have occurred resulting from mechanical failure as well as human error in the operation of the system. One of the said accidents happened on August 13, 2014, when one of the MRT-3 trains derailed causing it to overshoot its track at the EDSA corner Taft station, leaving 39 passengers injured. The incident prompted the DOTC to shoulder the hospital expenses of the unfortunate victims.

In view of the abovementioned, it is about time for the government to provide the riding public some protection in the form of indemnity in case of accidents. As a common carrier, train operator impliedly promise its rider to bring each and everyone of them to their agreed destination safely, exercising the utmost diligence as mandated by law.

This bill seeks to mandate all railway companies to provide accident and life insurance, on their account, to cover death and physical injuries suffered by its passengers.

In view of the foregoing, passage of this bill is earnestly sought.



JOSEPH VICTOR G. EJERCITO

² LRTA

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1 **AN ACT REQUIRING ACCIDENT AND LIFE INSURANCE COVERAGE**
2 **FOR RAILWAY TRANSIT PASSENGERS**
3

4 *Be it enacted by the Senate and House of Representatives of the Philippines*
5 *in Congress assembled.*
6

7 SECTION 1. *Short Title.* – This Act shall be known as the “Insurance for
8 Railway Passengers Act”
9

10 SECTION 2. *Declaration of Policy.* – It is the fundamental right of the
11 people, through the blessings of democracy, to have their lives protected
12 and for the government to promote the general welfare of the people for
13 the enjoyment of life.
14

15
16 SECTION 3. *Definition of Terms.* – For Purposes of these Act;
17

18 (a) **Passengers** shall mean any person who has paid a fare to be
19 transported from one place to another any public railway
20 transportation;
21

22 (b) **Railway Transit System** shall mean any transportation
23 system designed to allow passenger travel within or throughout
24 rural and/or urban area, usually employing surface, elevated,
25 or underground railway systems or some combination of these.
26 Railway transit system are generally considered to be mass
27 transit systems, capable of moving large number of passengers
28 in a single train;
29

30 (c) **Licensed Private Insurance Company** shall mean any
31 insurance company duly registered under the Philippine laws
32 and under the Securities and Exchange Commission and doing
33 business in the Philippines;
34

35 (d) **Fortuitous Event** shall mean an event of natural or human
36 origin that could not have been reasonably foreseen or expected
37 and is out of control of the person concerned;
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39 (e) **Force Majeure** shall mean an event that is a result of the
40 elements of nature, as opposed to one caused by human
41 behavior;

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(f) **Beneficiaries** are the spouse until he or she remarries and the legitimate, legitimated or legally adopted and illegitimate children, who shall be the primary beneficiaries of the member. Provided, that the illegitimate children shall be entitled to one-half of that of the legitimate, legitimated or legally adopted children. Provided further, that in the absence of the legitimate, legitimate children of the member, his/her dependent illegitimate children shall be entitled to one hundred percent (100%) of the benefits. In their absence, the parents who shall be the secondary beneficiaries of the member. In the absence of all the foregoing, any other person designated by the member as his/her secondary beneficiary;

(g) **DOTC** refers to the Department of Transportation and Communication;

(h) **BIR** refers to the Bureau of Internal Revenue.

SECTION 4. Commencement and Termination of Coverage. – The insurable interest, pursuant to Chapter I Title 3 of Presidential Decree No. 612, otherwise known as the Insurance Code of the Philippines, shall commence from the time the passenger has procured the ticket with the intent to board the train, and shall end at the time such passenger shall have alighted the train and leaves the station up to 10 meter radius of the premises.

SECTION 5. Liability / Non-Liability of the Insurance Company.

5.1 Accident and life insurance shall cover death and Physical injuries suffered by the passenger to wit:

- (a) Malicious and/or negligent acts of another person including but not limited to, the railway officers, employees, passengers, and other person not considered passenger or employee of the railway transit;
- (b) By effective trains, cars, construction, articles, parts or amenities of the railway transit;
- (c) Fortuitous event;
- (d) Force Majeure.

5.2 When the insurance company is NOT liable;

No proceeds from the insurance company shall be payable if the passenger dies or suffers injury due to:

- (a) Suicide or attempted suicide by passenger victim;
- (b) Self-inflicted injury;
- (c) His own criminal act;
- (d) Any act committed by passenger victim in a state of insanity;
- (e) Any natural cause or disease or medical or surgical treatment unless such treatment becomes necessary due to injury caused by the said untoward incident; and
- (f) Any act committed by passenger victim in violation of rules and regulations of the railway company.

1 SECTION 6. *Administration of the Insurance Policy.* – shall be by a
2 licensed private insurance company duly organized under Philippine laws
3 and awarded by the DOTC, following the provisions and mandate of
4 Republic Act 9184, also known as the Government Procurement Reform
5 Act.

6
7 SECTION 7. *Payment of Premium.* – The railway company shall pay the
8 insurance premium. Such payment will come from their gross income
9 and it shall be considered as a tax credit in favor of the railway
10 company's corporate income tax liabilities for the following fiscal year.

11
12 SECTION 8. *Benefits.* – Notwithstanding any benefits provided by any
13 institution to the insured, the insured shall be entitled to the following
14 benefits:

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16 Death Benefits – The amount of TWO HUNDRED THOUSAND
17 PESOS (P200,000.00) shall be awarded to the beneficiaries in case the
18 passenger victim died.

19
20 Hospitalization Benefits - an amount not exceeding ONET
21 HOUNDRED FIVE HUNDRED PESOS (P1,500.00) per day of hospitalization
22 bills and other medical expenses shall be awarded to the insured or the
23 beneficiaries. Provided however that the total amount shall not exceed
24 ONE HUNDRED FIFTY THOUSAND PESOS (P150,000.00). Provided
25 further, that if the passenger died and the cause of the death is the
26 incident and have been receiving hospitalization benefits, his/her
27 beneficiaries shall be entitled to receive TWO HUNDRED THOUSAND
28 PESOS (P200,000.00) death benefit.

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30 The benefit received by the passenger victim under this Act is
31 without prejudice to the right of such passenger victim of his right to file
32 a case under existing law.

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34 SECTION 9. *Implementing Rules and Regulations.* – Within sixty (60) days
35 from the approval of this Act, the DOTC and the BIR, in coordination
36 with government agencies concerned, shall issue the rules and
37 regulations to effectively implement the provision of this Act. Any
38 violation of this section shall render the concerned official/s liable under
39 Republic Act No. 6713, otherwise known as the Code of Conduct and
40 Ethical Standards for Public Officials and Employees and other existing
41 administrative and/or criminal laws.

42
43 SECTION 10. *Separability Clause.* – If any portion or provision of this Act
44 is declared unconstitutional or invalid, the other provisions hereof not
45 affected thereby shall remain valid and effective.

46
47 SECTION 11. *Repealing Clause.* – All laws, executive orders, presidential
48 decrees, presidential proclamations, rules and regulations or parts
49 thereof inconsistent with the provisions of this Act are hereby repealed or
50 modified accordingly.

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52 SECTION 12. *Effectivity.* – This Act shall take effect fifteen (15) days after
53 its publication in the Official Gazette or in at least (2) newspaper of
54 general circulation.

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56 Approved,