

NO JUL 21 2010

SENATE
S. No. 1733

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Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

Aside from the massive losses to agriculture, fisheries and infrastructure, there is yet another threat remaining from the devastating typhoons Ondoy and Pepeng. Thousands of cars and trucks that had been submerged under several feet of water have now dried out and are, in many cases, finding their way onto the used car market. For buyers, these cars may seem like any other used car offering once they have been cleaned up, but the threat of future problems is great with a machine that was never intended to be underwater. Many of these vehicles might be offered in faraway provinces with no seeming connection to the flooding, so unsuspecting customers need to be extra alert to spot possible damage.

Hence, this bill seeks to ensure that totaled and flood-damaged vehicles are flagged forever so that consumers and auto retailers can make more informed decisions about the safety and fair market value of used cars. The bill would only require a permanent red flag affixed to the vehicle's record. Insurance companies would have to make available information about a totaled vehicle's engine and chassis numbers, the reason for it being written off, mileage when it happened and whether the airbags deployed.¹

Miriam Defensor Santiago
MIRIAM DEFENSOR SANTIAGO
MS

¹ This bill was originally filed in the third regular session of the 14th Congress.

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1 AN ACT
2 TO DIRECT THE LAND TRANSPORTATION OFFICE TO REQUIRE THE
3 DISCLOSURE OF INFORMATION RELATING TO THE FAIR MARKET VALUE
4 AND SAFETY OF DAMAGED MOTOR VEHICLES

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

5 SECTION 1. *Short Title.* – This Act shall be known as the “Damaged Vehicle
6 Information Act.”

7 SEC. 2. *Definition of Terms.* – As used in this Act, the term “person” includes any
8 individual, company, corporation, association, firm, partnership, society, or any other
9 entity, but does not include any governmental agency.

10 SEC. 3. *Disclosure of Vehicle Damage Information.* – Not later than 3 months
11 after the effectivity of this Act, the Land Transportation Office (LTO), shall issue a
12 regulation requiring all persons who terminate a contract related to a motor vehicle due to
13 flood or water damage, collision, fire damage, theft and recovery, or any other
14 circumstance that adversely affects the fair market value of such motor vehicle, to
15 disclose to the public in a commercially reasonable, electronically accessible manner the
16 following information for every motor vehicle that has been identified in such contract:

- 17 1. The engine and chassis numbers of the motor vehicle;
- 18 2. The date of the termination of the contract;
- 19 3. The odometer reading of the motor vehicle on the date of the termination of
20 the contract;
- 21 4. Whether, as a result of the incident that resulted in the termination of the
22 contract, one or more airbags in the motor vehicle were deployed;

1 5. The cause of the termination of the contract, including whether such cause
2 was flood or water damage, collision, fire damage, theft and recovery, or
3 another cause;

4 The LTO shall rely on the private sector to collect, aggregate, and disclose to the
5 public the fair market value and safety information, and all such information shall be
6 accessible by engine or chassis number.

7 SEC. 4. *Separability Clause.* – If any provision or part hereof, is held invalid or
8 unconstitutional, the remainder of the Act or the provision not otherwise affected shall
9 remain valid and subsisting.

10 SEC. 5. *Repealing Clause.* – Any law, presidential decree or issuance, executive
11 order, letter of instruction, administrative order, rule or regulation contrary to, or
12 inconsistent with the provisions of this Act is hereby repealed, modified or amended
13 accordingly.

14 SEC. 6. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its
15 publication in at least two (2) newspapers of general circulation.

Approved,