



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

15 JUN -4 P2 :49

SENATE  
S. No. 2800

RECEIVED BY: 

Introduced by Senator Miriam Defensor Santiago

AN ACT  
FURTHER AMENDING SECTION 391 OF PRESIDENTIAL DECREE NO. 612,  
OTHERWISE KNOWN AS THE "INSURANCE CODE", AS AMENDED BY  
REPUBLIC ACT NO. 10607

EXPLANATORY NOTE

The current version of our Insurance Code, Chapter 6, provides for Compulsory Motor Vehicle Liability Insurance.<sup>1</sup> What this chapter provides are rules to the effect that it is unlawful to operate any motor vehicle in a public highway unless there is a policy of insurance in force to indemnify the death, bodily injury, and/or damage to property of a third-party or passenger, arising from the use of the vehicle.

This chapter contains a provision known as the "no-fault clause"<sup>2</sup> which provides, among other things, that in the event of death or injury, arising from a motor vehicle mishap, insurance companies are mandated by law to pay for the damage even if there was no finding of fault or negligence on either side. The provision reads:

SEC. 391. Any claim for death or injury to any passenger or third-party pursuant to the provisions of this chapter shall be paid without the necessity of proving fault or negligence of any kind: Provided, That for purposes of this section:

- (a) The total indemnity in respect of any person shall not be less than Fifteen thousand pesos (P15,000.00);

<sup>1</sup> Republic Act No. 10607, Chapter 6, "Compulsory Motor Vehicle Liability Insurance".

<sup>2</sup> Republic Act No. 10607, Chapter 6, Art. 391.

(b) The following proofs of loss, when submitted under oath, shall be sufficient evidence to substantiate the claim:

- (1) Police report of accident; and
- (2) Death certificate and evidence sufficient to establish the proper payee; or
- (3) Medical report and evidence of medical or hospital disbursement in respect of which refund is claimed;

The purpose of this provision is to provide a mechanism for immediate relief to victims of motor vehicle mishaps, especially where it cannot be established that either party was at fault.

The problem with this provision lies in subparagraph (a). This provision effectively creates a minimum amount of ₱15,000 to be paid by insurance companies, even if there was no finding of fault or negligence. While ₱15,000 is a reasonable amount, the words 'not less than' preceding it means that in theory, an insurance company may be made to pay ₱150,000, or even ₱15,000,000, even if there was no finding of fault or negligence. Under the law, a passenger who sustained a minor cut in a minor vehicle mishap could demand at least ₱15,000, without limit, from his insurance company. What makes matters worse is that under subparagraph (b), there is a minimal amount of evidence required to substantiate a claim that under the law, has no monetary ceiling.

This Bill seeks to rectify this situation.

  
MIRIAM DEFENSOR SANTIAGO  
RP



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Introduced by Senator Miriam Defensor Santiago

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

1 AN ACT  
2 FURTHER AMENDING SECTION 391 OF PRESIDENTIAL DECREE NO. 612,  
3 OTHERWISE KNOWN AS THE "INSURANCE CODE", AS AMENDED BY  
4 REPUBLIC ACT NO. 10607

5 SECTION 1. Section 391 of Presidential Decree No. 612, otherwise known as the  
6 "Insurance Code", as amended by Republic Act No. 10607, is hereby amended to read as  
7 follows:

8 SEC. 391. Any claim for death or injury to any passenger or third-  
9 party pursuant to the provisions of this chapter shall be paid without the  
10 necessity of proving fault or negligence of any kind: Provided, That for  
11 purposes of this section:

12 (a) The total indemnity in respect of any person **SHALL**  
13 **NOT BE MORE** [less] **THAN** Fifteen thousand pesos  
14 (₱15,000.00);

15 (b) The following proofs of loss, when submitted under  
16 oath, shall be sufficient evidence to substantiate the claim:

17 (1) Police report of accident; and

18 (2) Death certificate and evidence sufficient to  
19 establish the proper payee; or

1 (3) Medical report and evidence of medical or  
2 hospital disbursement in respect of which refund is  
3 claimed;

4 (c) Claim may be made against one motor vehicle only. In  
5 the case of an occupant of a vehicle, claim, shall lie against the  
6 insurer of the vehicle in which the occupant is riding, mounting  
7 or dismounting from. In any other case, claim shall lie against the  
8 insurer of the directly offending vehicle. In all cases, the right of  
9 the party paying the claim to recover against the owner of the  
10 vehicle responsible for the accident shall be maintained.

11 SECTION 2. *Repealing Clause.* – Any law, presidential decree or issuance,  
12 executive order, letter of instruction, administrative order, rule or regulation contrary to  
13 or is inconsistent with the provision of this Act is hereby repealed, modified, or amended  
14 accordingly.

15 SECTION 3. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after  
16 its publication in at least two (2) newspapers of general circulation.

Approved,

/aml 19May2015