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SENATE
P.S. Res 367RECEIVED BY: *A. Arce*

Introduced by Senator Poe

RESOLUTION

URGING THE SENATE COMMITTEE ON PUBLIC SERVICES, TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE COMPLIANCE OF INSURANCE COMPANIES WITH THEIR MANDATE UNDER THE LAW TO IMMEDIATELY SETTLE AND/OR PAY CLAIMS ON THEIR POLICIES INVOLVING MOTOR VEHICLE MISHAPS, WITH THE END GOAL OF FORMULATING LEGISLATIVE MEASURES TO ENSURE QUICK PAYMENTS OF VALID AND JUSTIFIED INSURANCE CLAIMS

WHEREAS, in 2014, a recorded 15,272 incidents of road crashes across the country resulted in 1,252 deaths; in 2015, the number increased to 24,565 road crash incidents that resulted in 1,040 deaths; and in just the first 4 months of 2016, the Philippine National Police – Highway Patrol Group (PNP-HPG) reported that there were already 10,656 road crashes with 549 dead in the whole country;¹

WHEREAS, in 2015, the Metropolitan Manila Development Authority (MMDA) reported that there were a total of 95,615 traffic accidents that resulted in the death of 519 persons, injury to 17,103 people and a total of 77,993 cases of damage to property;²

WHEREAS, in order to mitigate the debilitating damages and havoc brought about by vehicular mishaps, the Insurance Code of the Philippines (Insurance Code) mandates and compels all owners/operators of motor vehicles to secure and/or ensure that a policy of insurance or guaranty in cash or surety bond must be issued as regards his/her motor vehicle “to indemnify the death, bodily injury, and/or damage to property of a third-party or passenger, as the case may be, arising from the use of” his/her motor vehicle³ - this is commonly called as “Compulsory Motor Vehicle Liability Insurance”;

WHEREAS, the Insurance Code mandates that insurance companies shall not fail to “acknowledge with reasonable promptness pertinent communications with respect to claims arising under its policies⁴”, “adopt and implement reasonable standards for the prompt

¹ <http://www.ateneo.edu/over-10k-road-crashes-in-ph-during-first-four-months-of-2016>

² <http://www.autoindustriya.com/auto-industry-news/mmda-95-615-road-accidents-recorded-in-2015.html>

³ Section 387 of the Insurance Code.

⁴ Section 247 (2) of the Insurance Code.

investigation of claims arising under its policies”,⁵ and they must attempt “in good faith to effectuate prompt, fair and equitable settlement of claims submitted in which liability has become reasonably clear”,⁶

WHEREAS, the Insurance Code, in fact, mandates as a general rule that “the amount of any loss or damage for which an insurer may be liable, under any policy other than life insurance policy, **shall be paid within thirty (30) days after proof of loss is received by the insurer and ascertainment of the loss or damage is made;**”⁷

WHEREAS, it has been reported that as of 2013, the above-mentioned compulsory insurance, as implemented by the Organization of Insurance Companies of the Philippines, with 13 insurance companies, generated premiums totalling **Php1,443,093,206.89** with 4,519,784 Certificates of Cover (COCs), and the Philippine Insurers and Reinsurers Association (Pira), on the other hand, with 65 insurance companies, generated premiums totalling **Php1,587,259,520** with 2,918,095 COCs;⁸

WHEREAS, the compulsory insurance of motor vehicles clearly plays a vital role to provide financial support after an accident and thus, alleviate the suffering of victims of vehicular mishaps;

WHEREAS, it is disappointing, appalling, and infuriating to hear numerous accounts from victims and their families as regards the very tedious process they have to go through in order to claim their benefits from callous insurers;

WHEREAS, it appears that there are victims who are indemnified only after several months and after complying with an unending list of requirements and evaluations on the part of insurers;

WHEREAS, there is a need for the Insurance Commission to crack its whip and strictly implement the Insurance Code, particularly the compliance of insurers as regards the mandated timetable for the payment of claims;

WHEREAS, to ensure insurance claims are being enforced and paid on time is part of the government’s constitutionally-enshrined policy to promote the people’s general welfare as essential in order for the people to enjoy the blessings of democracy;⁹

BE IT RESOLVED, AS IT IS HEREBY RESOLVED, by the Senate of the Philippines, to direct the Senate Committee on Public Services, to conduct an inquiry, in aid of legislation, on the compliance of insurance companies with their mandate under the law to immediately settle and/or pay claims on their policies involving motor vehicle mishaps, with

⁵ Section 247 (3) of the Insurance Code.

⁶ Section 247 (4) of the Insurance Code.

⁷ Section 249 of the Insurance Code.

⁸ <http://www.businessmirror.com.ph/understanding-the-compulsory-third-party-liability-insurance/>

⁹ Article 2, Section 5 of the 1987 Constitution of the Philippines.

the end goal of formulating legislative measures to ensure quick payments of valid and justified insurance claims.

Adopted,


GRACE POE