



Republic of the Philippines  
Department of Finance  
**INSURANCE COMMISSION**  
1071 United Nations Avenue  
Manila

Head Office:  
P. O. Box 3589 Manila  
FAX No. 522-14-34  
Tel. Nos. 523-84-61 to 70  
E-mail: oic@i-manila.com.ph

Circular No:	10-2005
Date :	April 11, 2005

### CIRCULAR LETTER

**To: All Non-Life Insurance Companies Doing Business in the Philippines**

**Subject: Implementation of the 3-Year Compulsory Third Party Liability (CTPL) Insurance**

- I. Administrative Order No. 010-2005 of the Department of Transportation and Communications dated January 3, 2005 (copy attached) mandates that a 3-Year CTPL policy shall be taken in connection with the initial registration of all brand new motor vehicles in place of the traditional 1-Year CTPL previously required.
- II. Consistent with the strict statutory requirements of the Insurance Code, as amended,

"SEC. 376. The Bureau of Land Transportation (now Land Transportation Office or LTO) shall not allow the registration or renewal of registration of any motor vehicle without first requiring from the land transportation operator or motor vehicle owner concerned the presentation and filing of a substantiating documentation in a form approved by the Commissioner evidencing that the policy of insurance or guaranty in cash or surety bond required by this chapter is in effect."

"SEC. 226. No policy, certificate or contract of insurance shall be issued or delivered within the Philippines unless in a form previously approved by the Commissioner, and no application form shall be used with and no rider, clause, warranty, or endorsement shall be attached to, printed or stamped upon such policy, certificate or contract unless the form of such application, rider, clause, warranty or endorsement has been approved by the Commissioner."



**"SEC. 375. The Commissioner shall furnish the Bureau of Land Transportation (now LTO) with a list of insurance companies authorized to issue the policy of insurance or surety bond required by this chapter."**

and pursuant to the reforms being implemented by the Insurance Commission in the Philippine insurance sector:

- A. All non-life insurance companies are hereby directed to commence the issuance of 3-Year CTPL policies not earlier than May 2, 2005;
- B. All forms for 3-Year CTPL coverage which shall be separate and distinct from comprehensive motor vehicle policies must be submitted to the Insurance Commission and duly approved by the Insurance Commissioner;
- C. Insurance companies duly accredited by the Insurance Commission shall be pooled under the auspices of the major industry association, Philippine Insurers & Reinsurers Association, to provide the insurance coverage for the 3-Year CTPL.

III. The Insurance Commission shall implement, and in cooperation with the Philippine Insurers and Reinsurers Association (PIRA), shall provide for a system of mandatory insurance coverage required for vehicle registration where the public obtains the appropriate insurance coverage and at the same time, known irregularities (*i.e. proliferation of fraudulent policies, unpaid claims, etc.*) associated with the issuance of the CTPL coverage are totally eliminated or at the very least, minimized.

IV. This is to repair the serious damage in the confidence of the Filipino public in the integrity of CTPL coverage obtained for purposes of registering motor vehicles.

V. This Circular supersedes any and all circulars on the same subject.

  
**BENJAMIN S. SANTOS**  
Insurance Commissioner

cc The Honorable Cesar V. Purisima, Secretary of Department of Finance  
The Honorable Leandro R. Mendoza, Secretary of Department of Transportation and Communication  
The Honorable Anneli R. Lontoc, Assistant Secretary of Land Transportation Office



Republic of the Philippines  
DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS

RECORDS & CORRESPONDENCE  
**RECEIVED**  
BY *jmie*  
DATE *1/5/05* TIME *4:05 pm*  
GENERAL SERVICES SECTION

ADMINISTRATIVE ORDER NO. 010-2005  
03 January 2005

SUBJECT : Initial Registration Scheme for Brand New Motor Vehicles Valid for Three (3) Years

WHEREAS, pursuant to Section 4 (d) [1], Article III, Chapter 1 of Republic Act No. 4136, as amended, the Assistant Secretary, with the approval of the Secretary of Transportation and Communications, shall have the power to issue rules and regulations prescribing the procedure for the registration of motor vehicles; and

WHEREAS, pursuant to Section 5 of Batas Pambansa Bilang 74, all motor vehicles and trailers of any type used or operated on or upon any highway of the Philippines "shall be registered with the Bureau of Land Transportation (now the LTO or Land Transportation Office) for the current year, and that the dates of annual registration of motor vehicles shall be based on a registration scheme to be prepared by the Bureau of Land Transportation (now the LTO) subject to the approval of the Minister (now the Secretary) of Transportation and Communications".

NOW, THEREFORE, and in pursuance thereto, it is hereby ordered that the initial registration of all brand new motor vehicles, as defined herein, shall be valid and effective for three (3) years from its first registration. Such initial registration shall require the Certificate of Conformity (COC), issued by the Department of Environment and Natural Resources (DENR), and the Compulsory Third Party Liability insurance policy valid for three (3) years.

1.0. Coverage.

1.1. Brand new motor vehicles (MVs) – refer to new and unregistered motor vehicles manufactured, assembled, imported, distributed and/or sold by corporations or companies accredited by or member/s of the following, to wit:

- a. CAMPI – Chamber of Automotive Manufacturers of the Philippines, Inc.
- b. TMA – Truck Manufacturers Association of the Philippines
- c. MDPPA – Motorcycle Development Program Participants Association.

CERTIFIED TRUE COPY  
NOT VALID W/ ERASURES OR ALTERATION  
*Jossie M. Burja*  
JOSSIE M. BURJA  
RECORDS OFFICER III  
GEN. SERVICES SECTION  
LTO

OFFICE OF THE NATIONAL REGISTRAR  
ADMINISTRATIVE DIVISION & REGISTRATION  
TEL. NO. (83 2) 727-7960 TO 79  
FAX NO. (83 2) 723-4925  
TELEX NO: 42219 DDTG FM  
JAN 06 2005

- 1.2. Brand new motor vehicles imported by other LTO accredited entities
- 1.3. These exclude-backyard – assembled and imported used motor vehicles
- 1.4. Motorcycles with engine displacement of 200 cc and below are likewise excluded in this Order.
- 2.0. **Registration Rate** – The rates of the Motor Vehicle User's Charge as set forth and imposed under Republic Act No. 8794 shall be collected from the owner of the covered motor vehicles for the registration of the said units.
- 3.0. **Apprehension/s.**
  - 3.1. Should the covered motor vehicle be apprehended within the period of its initial three-year registration for violation/s attributable to the motor vehicle, e.g. smoke belching or non-roadworthiness, the motor vehicle shall still be required to undergo the accessory penalty or penalties of passing the Motor Vehicle Inspection and/or Emission Tests.
- 4.0. **Repealing Clause.**
  - 4.1. Any memoranda or orders thereof which are inconsistent with the provisions of this Administrative Order are hereby repealed or amended accordingly.
- 5.0. **Effectivity.**
  - 5.1. This Order shall take effect ninety (90) days after its publication in two (2) newspapers of general circulation in the Philippines or filing of three (3) copies thereof with the University of the Philippines Law Center.

**CERTIFIED TRUE COPY**  
NOT VALID W/ERASURES OR ALTERATION  
*Jossie M. Borja*  
**JOSSIE M. BORJA**  
RECORDS OFFICER III  
FM SERVICES SECTION  
L T O

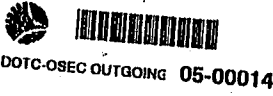
*Annely R. Lontoc*  
**ANNELY R. LONTOC**  
Assistant Secretary

2

AO#-010-2005

**APPROVED:**

*[Signature]*  
**LEANDRO R. MENDOZA**  
Secretary



Department of Transportation and Communications

*[Signature]*  
**EMILIA T. BONCODIN**  
Secretary

Department of Budget & Management

*[Signature]*  
**JUANITA D. AMATONG**  
Secretary

Department of Finance

**CERTIFIED TRUE COPY**  
(NOT VALID W/ ERASURES OR ALTERATION)  
*[Signature]* 11/5/05  
**JOSSIE M. BURJA**  
RECORDS OFFICER III  
GEN. SERVICES SECTION  
L T O