

Comprehensive Motor Insurance

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INSURANCE FORUM

While the Compulsory Third-Party Liability (CTPL) motor insurance is the basic and pre-requisite insurance before a motor vehicle may be registered, the so-called “comprehensive” motor insurance is voluntary and optional on the part of the

motor vehicle owner who seeks added protection from risks. It is sold separately. It covers risks that the CTPL does not.

CTPL covers injuries to or death of a third-party. CTPL does not cover: a) personal injury or death of the vehicle owner; b) injuries or death of a non-third-party, specifically a household member or members of the family within the second degree of consanguinity or affinity or employees; or c) damage to the insured vehicle or property damage to a third party. A comprehensive insurance seeks to cover all these.

It has been described as the “highest level of cover” and is the most expensive motor insurance. We say “so-called” because this insurance product is not really comprehensive. While it covers so much more than CTPL, it does not include a) auto passenger personal accident; and b) Acts of Nature or Acts of God.

The auto passenger personal accident (or Auto PA or Passenger Personal Accident insurance) covers the medical, hospitalization or funeral expenses for the injuries or death of other people riding in the vehicle.

In other jurisdictions, the Acts of God are covered in a comprehensive insurance. In the Philippines, it is not. Acts of God are those occurrences that are beyond the control of man such as flooding, earthquake and storms, as well as riots and civil commotions. Generally, in the Philippines, vehicle damage due to Acts of God are attributable to flooding. Thus, the car owner would have to acquire Acts of God coverage separately and for additional premium.

This misnomer has led to some confusion and controversy. Nonetheless, it should be noted that the word “comprehensive”, in referring to motor insurance, does not appear at all in the Amended Insurance Code. It is an international market term.

Comprehensive motor insurance includes: a) CTPL; b) no-fault indemnity; c) loss or damage; and d) excess liability insurance. The last item includes: a) excess bodily injury, also known as Voluntary Third-Party Liability (VTPL) or VTPL-Bodily Injury; and

b) third-party property damage or VTPL-Property Damage. The VTPL covers expenses in excess of the CTPL's coverage limit. The most significant feature of the comprehensive insurance is that it covers damage to the vehicle itself.

With respect to damage to the motor vehicle, the coverage to the insured vehicle, its accessories, and spare parts, include: a) accidental collision or overturning, or collision or overturning consequent upon mechanical breakdown or consequent upon wear and tear; b) fire, external explosion, self-ignition or lightning or burglary, housebreaking, or theft; c) malicious act; and d) whilst in transit (including the processes of loading and unloading) incidental to such transit by road, rail, inland waterway, lift or elevator. The coverage is subject to deductible and depreciation. Note that accessories are also covered. Note further that insurance coverage offers protection not only for loss or damage due to collision but also due to fire, external explosion, and theft. This is usually called "Own Damage and Theft" insurance. Under the principle of "subrogation", the insurance company must pay the insured and then seek reimbursement from the party at fault.

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