



Circular Letter No.:	2021-54
Date:	16 September 2021

CIRCULAR LETTER

TO : ALL INSURANCE COMPANIES OFFERING MOTOR CAR INSURANCE

SUBJECT : GUIDELINES ON THE SYNCHRONIZATION OF THE PERIOD OF COVERAGE OF COMPREHENSIVE MOTOR CAR INSURANCE POLICIES WITH THE DATE OF MOTOR VEHICLE REGISTRATION

WHEREAS, Section 387 of the Insurance Code, as amended by Republic Act No. 10607, provides that it shall be unlawful for any land transportation operator or owner of a motor vehicle to operate the same in the public highways unless there is in force in relation thereto a policy of insurance or guaranty in cash or surety bond or surety bond 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 thereof;

WHEREAS, the Land Transportation Office (LTO) requires that the period of insurance be coterminous with the month of registration of the motor vehicle, as indicated by the last digit of the motor vehicle plate number;

WHEREAS, Republic Act No. 11032, otherwise known as the "Ease of Doing Business and Efficient Government Service Delivery Act of 2018" declares it the policy of the State to establish effective practices, aimed at efficient turnaround of the delivery of government services;

WHEREAS, the Commission, in coordination with the LTO, recognizes the need to provide guidelines on the synchronization of the period of coverage of comprehensive motor car insurance policies with the month of motor vehicle registration with the LTO in order to promote efficiency and to avoid redundancy in motor car insurance coverage, and for the convenience of the insuring public;

NOW, THEREFORE, pursuant to the power granted to the Insurance Commissioner under Section 437 of the Insurance Code, as amended, the following "Guidelines on the Synchronization of the Period of Coverage of Comprehensive Motor Car Insurance with the Date of Motor Vehicle Registration" is hereby promulgated:

Section 1. Standard Policy Provisions – The following are the standard policy provisions for comprehensive motor car insurance policies:

Section I	Liability to the Public
Section II	No Fault Indemnity
Section III	Loss or Damage
Section IV	Excess Liability Insurance
Optional Covers:	<ul style="list-style-type: none"> - Acts of Nature - Riots, Strikes - Unnamed Personal Accident Cover to Driver and Passengers

Sections I and II covering injuries to or death of a third party shall pertain to the Compulsory Third-Party Liability (CTPL) insurance required for registration or renewal of registration of any motor vehicle, as provided under Sections 387 and 389 of the Insurance Code, as amended. Sections I and II may be issued as a stand-alone CTPL policy and need not necessarily be included in the comprehensive motor car insurance policy, at the option of the insured, subject to the application of subsequent sections of this Circular.

It shall be the responsibility of the insurer and its agents to inform the insured of the nature of the foregoing coverages, especially the mandatory or non-mandatory nature thereof, as the case may be.

Section 2. Synchronization of the Period of Coverage of Comprehensive Motor Car Insurance Policies with the Date of Motor Vehicle Registration –

To ensure efficiency in the registration or renewal of registration of motor vehicles, as well as to avoid redundancy in the coverage of motor car insurance policies, **all insurance companies offering motor car insurance are hereby directed to allow for the extension of the period of coverage of comprehensive motor car insurance policies to synchronize the period of coverage with the month of the motor vehicle registration, as indicated by the last digit of the motor vehicle plate number.** To this end, the following guidelines shall be strictly observed:

- a. For purposes of registration of a new motor vehicle already covered by a comprehensive motor car insurance policy, the insurer shall allow the extension of the period of coverage of the said comprehensive motor car insurance policy, as may be necessary to

make the period of coverage of the subject policy coterminous with the month of motor vehicle registration with the LTO, subject to the payment of additional premium.

- b. For purposes of renewal of registration of motor vehicles already covered by a comprehensive motor car insurance policy with a CTPL cover, the coverage of which is not synchronized with the month of motor vehicle registration, the insurer shall allow the extension of the period of coverage of the comprehensive motor car insurance policy, as may be necessary to make the period of coverage of such comprehensive motor car insurance policy coterminous with the month of motor vehicle registration with the LTO, subject to the payment of additional premium.

It shall be the responsibility of the insurer and its agents to inform the insured that the period of coverage of the comprehensive motor car insurance policy may be extended, at the option of the insured, as well as to apprise the insured as to the terms of such extension.

Section 3. Effect of Synchronization. – Relative to the immediately preceding section and to further simplify the process of securing CTPL insurance, starting from the date of effectivity of this Circular Letter, insurers shall ensure that whenever a stand-alone CTPL policy or comprehensive policy with CTPL provisions is issued, the same shall be coterminous with the motor vehicle registration.

Section 4. Options of the Insured. – For purposes of procuring a motor car insurance policy, the insured shall have the option to avail of any of the following:

- (1) Stand-alone CTPL policy containing Sections I and II, as provided in Section 1 of this Circular; or
- (2) Comprehensive motor car insurance policy with a CTPL cover; or
- (3) Comprehensive motor car insurance policy without a CTPL cover

Provided, That a comprehensive motor car insurance policy without a CTPL cover shall only be issued in instances where there is already an existing stand-alone CTPL policy. *Provided, further*, That existing holders of stand-alone CTPL policy shall, upon its renewal, have the option to upgrade their coverage to a comprehensive motor car insurance policy with CTPL cover, subject to the payment of additional premium. *Provided, finally*, That a CTPL cover, be it as a stand-alone policy or included in a comprehensive motor card insurance policy, shall be in force at all times, in accordance with Section 387 of the Insurance Code, as amended.

Section 5. Issuance of Confirmation of Cover. – The insurer issuing a motor car insurance policy, be it a comprehensive motor car insurance policy with a corresponding CTPL cover or a stand-alone CTPL policy, shall issue a Confirmation of Cover (COC) for purposes of motor vehicle registration with the LTO. The insurer shall likewise ensure real-time authentication of the issued COC.

Section 6. Transitory Provision. – All insurance companies offering motor car insurance shall have until 31 December 2021 to review their records for comprehensive motor car insurance policies issued without a corresponding CTPL cover and issue the necessary notices to policyholders with respect to the extension of the period of coverage of the subject comprehensive motor car insurance policies.

Section 7. Penalties. – Failure to comply with the provisions of this Circular shall merit the imposition of a fine amounting to Five Thousand Pesos (PhP. 5,000.00) for each corresponding violation.

Section 8. Separability Clause. – If any provision of this Circular Letter shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

Section 9. Effectivity. – This Circular shall take effect immediately.



DENNIS B. FUNA
Insurance Commissioner

