

[ **IC Circular Letter No. 2014-52, December 15, 2014** ]

**AMENDMENTS BY REPUBLIC ACT NO. 10607 PERTAINING TO  
COMPULSORY MOTOR VEHICLE LIABILITY INSURANCE**

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This is a clarification relative to the amendments made by Republic Act (RA) No. 10607 to Sections 373(f) and 374 [now Sections 386(f) and 387] of Chapter VI of the Insurance Code. Pursuant to the amendments on the Insurance Code, an insured may choose to avail of an insurance policy which may cover damage to property of a third-party or passenger, as the case may be, if it is offered by an insurer subject to the payment of the computed premiums as may be approved by the Insurance Commission.

Prior to RA No. 10607, the governing law on Compulsory Motor Vehicle Liability Insurance ("CMLV", for brevity) was Presidential Decree No. 612. Sections 373 (f) and 374 provides:

" (f) "Insurance policy" or "Policy" refers to a contract of insurance against passengers and third-party liability for death or bodily injuries **and damage to property** arising from motor vehicle accidents.

Section 374. 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 issued in accordance with the provisions of this chapter 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."

Afterwards, Presidential Decree ("PD") No. 1814 was enacted and **deleted the words "damage to property" and "and/or damage to property"** from the coverage of CMLVI.

Thereafter, RA No. 10607 took effect and amended the abovementioned sections restoring property damage. Sections 386 (f) and 387 states:

" (f) *Insurance policy or Policy* refers to a contract of insurance against passenger and third-party liability for death or bodily injuries **and damage to property** arising from motor vehicle accidents.