

**[LTFRB MEMORANDUM CIRCULAR NO. 2004-004,
March 15, 2004]**

**AMENDING MEMORANDUM CIRCULAR NOS. 99-011 AS
AMENDED, AND 2001-001 (IMPLEMENTING GUIDELINES OF THE
REVITALIZED LTFRB PASSENGER PERSONAL ACCIDENT
INSURANCE PROGRAM (PPAIP) FOR PUBLIC LAND
TRANSPORTATION SERVICES)**

A. BACKGROUND:

Due to the expiration of the accreditation of the two (2) insurance groups, [Phil. Accident Managers, Inc. (PAMI) led by United Coconut Planters Bank Insurance, Inc. & Philippine Accident Insurance Consortium 2 (PAIC2) led by Great Domestic Insurance Company, Inc.] under Memorandum Circular No. 2001-010, dated 28 February 2001, the Board deemed it fit to invite all insurance companies in the Philippines, of good standing, to participate in the program by submitting their proposals. Thus, Board Resolution No. 1, dated 15 January 2004, was issued to prescribe the Terms of Reference on the Accreditation Process of the Passenger Personal Insurance Program (PPAIP) for Public Land Transportation Services and created the Insurance Monitoring and Review Committee (IMRC).

Last 27 January 2004, Board Resolution No. 2, was issued to reconstitute the IMRC, implement the evaluation/accreditation process and submit its recommendation(s) to the Board for final disposition.

Initially, there were five (5) Insurance groups who availed of the above-mentioned Terms of Reference (TOR) and only four (4) groups: namely Philippine Accident Managers, Inc. (PAMI); Passenger Accident Insurance Consortium 2 (PAIC2); Transport Accident Consortium (TRAPIC) and Equal Sharing Group (ESG); submitted their proposals for evaluation by the IMRC.

Based on the Detailed Evaluation Procedures and Guidelines, the IMRC assessed the four (4) proposals and submitted its final evaluation report to the Board on 12 February 2004 for deliberation. Consequently, during the joint Board-IMRC deliberation on the same date, the Board decided to declare a failure of the accreditation process due to the non-compliance by all the proponents to meet the basic requirements of the Terms of Reference (TOR);

Due to time constraints, the accreditation of PAMI and PAIC was extended twice, the recent one expired on 29 February 2004.

Relative to the case filed by "FEJODAP, et.al, vs. Land Transportation Franchising and Regulatory Board" (Civil Case No. Q-04-51633), the Office of the Solicitor General, last 03 March 2004, issued its official legal advice to wit: "LTFRB has no more legal impediment for the commencement of a Free-for-All system inasmuch as

the accreditation of the Two-group Insurance Companies, namely: the Philippine Accident Managers, Inc. (PAMI) and Passenger Accident Insurance Consortium 2 (PAIC2), has expired on 29 February 2004."

In a meeting held last 04 March 2004, the Board on one hand, the Commissioner of the Insurance Commission (IC) and the four (4) Insurance Group proponents on the other, all agreed to implement the following:

1) A "two-management group system" by the name of Philippine Accident Managers, Inc (PAMI) (composed of PAMI and PAIC2) and Special Alliance Management, Inc. (SAMI) (composed of TRAPIC and Equal Sharing Group) was proposed to the Board as the official two (2) Insurance Management Groups to be accredited by the Board subject to accreditation/registration/license (not later than 12 March 2004) by the Insurance Commission, as provided under Section 299 of the Insurance Code of the Philippines.

2) While IC-accreditation is in progress, the LTFRB PPAIP shall be open to all insurance companies. All certificates of cover issued by the insurance companies shall be subject to buy-out/buy-back by the two management groups immediately upon accreditation.

3) All LTFRB Regional Directors shall submit to the IMRC on 15 March 2004 the inventory/list of COCs presented by the PUV operators between 01 to 12 March 2004.

4) The insurance Commission shall invite all Insurance Companies to participate in the PPAIP and shall be responsible in determining the actual composition and equal distribution of the insurance companies joining the said two-management groups, including establishing guidelines in determining duties, responsibilities, obligations and appropriate risk-premium sharing schemes, in addition to that prescribed by the Board.

5) LTFRB shall maintain its function in terms of monitoring and evaluation. A Multilateral Memorandum of Agreement (MOA) shall be signed among LTFRB, IC and the two managements groups (PAMI and SAMI) including lead companies once IC-accreditation and negotiations are finalized. Said MOA shall be the basis for monitoring and evaluation.

6) LTFRB submitted the proposed Premiums and Benefits Package of the PPAIP to the IC for evaluation and approval prior to implementation. Approval of proposed insurance package shall be secured from IC not later than 10 March 2004. (Last 04 March 2004, LTFRB received a fax letter from the Insurance Commission informing the Board of the approval of the Policy Form of subject Insurance Cover, pursuant to Section 226 of the Insurance Code of the Philippines.)

7) Insurance companies and other parties concerned shall not file any case, be it civil, criminal, administrative, or otherwise, against LTFRB or any of its officials and personnel relative to PPAIP.

B. IMPLEMENTING GUIDELINES

1. Two Management Group: Odd-Even System".

The LTFRB revitalized Passenger Personal Accident Insurance Program (PPAIP) shall adopt the "Two Management Group: Odd-Even System" composed of the Passenger Accident Managers Inc. (PAMI) led by UCPB General Insurance Co. Inc and the Special Alliance Management Inc. (SAMI) led by Stronghold Insurance Co. Inc.. However, each management group has the option to rotate its lead company within a minimum period of six (6) months and a maximum of one (1) year with 15 days prior notice given to the Board before its effectivity and shall be subject to Board approval.

The middle number of the LTO issued plate numbers shall determine the odd-even scheme assignment. The LTFRB confirmation MUST be secured PRIOR to LTO registration. The details are as follows:

- a. All covered PUV(s) with LTO license plates having an EVEN Middle Number shall be assigned to the PAMI.
- b. All covered PUV(s) with LTO license plates having an ODD Middle Number shall be assigned to the SAMI.
- c. The Odd-Even Scheme may be interchanged in the middle of the contract term, first half being from 15 March 2004 to 15 September 2005 and the second half being 16 September 2005 to 15 March 2007 subject to the evaluation and approval of the Board in order to ensure equitable and fair distribution of clients.

2. Package Benefits

All public utility vehicles, such as those listed below, are hereby required to secure an "All Risk-No Fault" passenger personal accident insurance with the following covered benefits:

2.1 Death Benefits.

	No. of Pax (incl. Driver)	Death Benefits
Buses/Mini Buses	all (actual cap not to exceed 56	P 3,360,000.00
Jitneys	all (actual cap. not to n exceed 15)	900,000.00
AUV's/ Vans	all (9)	540,000.00