

## "CHAPTER VI

### "COMPULSORY MOTOR VEHICLE LIABILITY INSURANCE

"SEC. 386. For purposes of this chapter:

"(a) *Motor Vehicle* is any vehicle as defined in Section 3, paragraph (a) of Republic Act No. 4136, otherwise known as the 'Land Transportation and Traffic Code'.

"(b) *Passenger* is any fare paying person being transported and conveyed in and by a motor vehicle for transportation of passengers for compensation, including persons expressly authorized by law or by the vehicle's operator or his agents to ride without fare.

"(c) *Third party* is any person other than a passenger as defined in this section and shall also exclude a member of the household, or a member of the family within the second degree of consanguinity or affinity, of a motor vehicle owner or land transportation operator, as likewise defined herein, or his employee in respect of death, bodily injury, or damage to property arising out of and in the course of employment.

"(d) *Owner or motor vehicle owner* means the actual legal owner of a motor vehicle, in whose name such vehicle is duly registered with the Land Transportation Office;

"(e) *Land transportation operator* means the owner or owners of motor vehicles for transportation of passengers for compensation, including school buses.

"(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.

"SEC. 387. 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.

"SEC. 388. The Commissioner shall furnish the Land Transportation Office with a list of insurance companies authorized to issue the policy of insurance or surety bond required by this chapter.

"SEC. 389. The Land Transportation Office 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. 390. Every land transportation operator and every owner of a motor vehicle shall, before applying for the registration or renewal of registration of any motor vehicle, at his option, either secure an insurance policy or surety bond issued by any insurance company authorized by the Commissioner or make a cash deposit in such amount as herein required as limit of liability for purposes specified in Section 387.

"(a) In the case of a land transportation operator, the insurance guaranty in cash or surety bond shall cover liability for death or bodily injuries of third-parties and/or passengers arising out of the use of such vehicle in the amount not less than Twelve thousand pesos (P12,000.00) per passenger or third-party and an amount, for each of such categories, in any one accident of not less than that set forth in the following scale: