



# NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

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July 10, 2007

**ATTY. PETE M. MALABANAN**  
Head, Disclosure Department  
THE PHILIPPINE STOCK EXCHANGE, INC.  
Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center  
Pasig City

Dear Atty. Malabanan:

Enclosed is a draft press release to be issued by the Company in connection with our possible involvement in the vehicle insurance program as set forth in Department Order No. 2007-28 issued by the Department of Transportation and Communication (DOTC) on 5 July 2007.

For your information and approval.

Sincerely,



**JOHN E. HUANG**  
Senior Vice President/CFO

(draft)  
PRESS RELEASE

## NRCP invites private Insurers to join DOTC vehicle insurance program

National Reinsurance Corporation of the Philippines (NRCP) the country's foremost reinsurance company has begun inviting its member and non-member insurers to join the government's integrated compulsory third party liability (CTPL) insurance program.

NCRP's move is in response to a circular issued by the Department of Transportation and Communication laying out new mechanics for the CTPL program, which it said is aimed to curb cases of fake vehicle insurance and non-payment of taxes.

In Department Order No. 2007-28 issued last July 5, the DOTC said it will use follow a CTPL model that is akin to the one proposed by the Government Service Insurance System.

In a nutshell, the GSIS model for CTPL removes the need for motorists to separately purchase their certificates of cover (COC) when registering their vehicles with the Land Transportation Office.

Instead, the CTPL insurance will be included in the list of fees motorists need to pay for vehicle registration. This means their LTO Official Receipt will also serve as their certificate of CTPL cover.

DOTC said the integrated CTPL program is meant to protect the vehicle registering public from overpriced, as well as fake CTPL policies.

Since this model greatly reduces manual intervention in acquiring CTPL policies, DOTC said the program should eliminate opportunities for graft and corrupt. It also makes tax collection more efficient.

GSIS earlier said that while it will take care of providing CTPL insurance, it will reinsure 80 percent of the risk to NRCP, which, in turn will pass portions of the risk to both member and non-member insurers.

True to its commitment, NRCP started resending its invitation to private insurers to join the CTPL program. NRCP had sent similar invitations in November 2005 and February last year.

In a July 9 letter to Philippine Insurers and Reinsurers Association (PIRA) Chairman Ramon Dimacali, NRCP Executive Vice President Armando Malabanan said NRCP will schedule a meeting with private insurance companies where they would discuss their participation in the CTPL program.

The invitation, Malabanan said, "reiterates the invitation to all members of the private insurance industry to a cooperation with GSIS/NRCP to address the 30 year CTPL malaise for the benefit of the insuring public, the insurance industry, and the country."