



Yuchengco Tower I, 500 Quintin Paredes St., Binondo, Manila
 Tel. No. : (632) 8242-8888 Fax No. : (632) 8242-2222
 Website : www.malayan.com E-mail : malayan@malayan.com
 VAT REG. TIN : 000-333-534-000

COMMERCIAL VEHICLE POLICY

POLICY NO.

NAME AND ADDRESS OF INSURED

AUTHORIZED DRIVER:

Any of the following: (a) The Insured;
 (b) Any person driving on the Insured's order or with his permission.

Provided that the person driving is permitted, in accordance with the licensing law or other regulations, to drive the Scheduled Vehicle, or has been permitted and is not disqualified by order of a Court of Law or by reason of any enactment or regulation in that behalf, provided that for Sections I and II only of this Policy, an authorized driver shall include a duly licensed driver but whose license at the time of the accident had expired.

LIMITATIONS AS TO USE:

Use only for social, domestic and pleasure purposes, and for the Insured's business or profession. This Policy does not cover

- (1) Use for the hauling and/or carrying of logs, lumber, sand, gravel, bottled beverages, gasoline products and/or other inflammable articles or materials;
- (2) Use for racing, pacemaking, reliability trial or speed testing.

N.B. Provided that limitations (1) and (2) above may be deleted and the risks named therein covered by this Policy upon agreement by, and payment of 20% additional premium to the Company.

- (3) Use for the carriage of PASSENGERS;
- (4) Use for any purpose in connection with the Motor Trade.

SECTIONS I and II of this Policy cover THIRD PARTY liability arising from bodily injury and/or death in amounts set forth under the Schedule of Indemnities.

WHEREAS THE INSURED, by his corresponding proposal and declaration, and which shall be the basis of this Contract and deemed incorporated herein, has applied to the Company for the insurance hereinafter contained, subject to the payment of the Premium as consideration for such insurance.

NOW THIS POLICY WITNESSETH:

That, in respect of events occurring during the period of Insurance, and subject to the terms, exceptions and conditions contained herein or endorsed hereon (hereinafter collectively referred to as the Terms of this Policy):

IN WITNESS WHEREOF, the Company has caused this Policy to be signed by its duly authorized officer/representative at _____, Philippines, this _____ day of _____, _____.

MALAYAN INSURANCE COMPANY. INC.

DOCUMENTARY STAMPS CLAUSE

Documentary Stamps to the value stated herein have been affixed and properly cancelled on the duplicate of this Policy.

Under pertinent regulations of the Bureau of Internal Revenue, liability for Documentary Stamp Tax (DST) accrues upon issuance of the Insurance Policy. Hence, in the event of cancellation of the Policy under Section 64 of the Insurance Code, liability for the DST subsists and the same shall be chargeable to the Insured. Therefore, payment of the corresponding DST is immediately due and demandable, i.e., on a "cash and carry" basis, as soon as the Insured receives a copy of the Policy.

IMPORTANT NOTICE

The Insurance Commissioner, with offices in Manila, Cebu and Davao is the government official in charge of the faithful execution and enforcement of all laws relating to insurance and has supervision over insurance companies. He is ready at all times to render assistance in settling any controversy between an insurance company and a policyholder relating to insurance matters.

SECTION III - LOSS OR DAMAGE

3. In the event of a claim being payable under Section III of this Policy for the cost of replacement parts, the amount of settlement shall be the cost of brand new part(s) to replace the damaged part(s) of the insured vehicle less the share of the Insured on the cost of replacement parts computed based on the following depreciation schedule:

<u>Age of Vehicle</u>	<u>Rate of Depreciation</u> <u>Share of the Insured</u>
Up to 3 years	Nil
Over 3 years up to 4 years	25%
Over 4 years up to 5 years	30%
Over 5 years up to 6 years	35%
Over 6 years up to 7 years	40%
Over 7 years	45%
Rebuilt and Reconditioned Vehicles	45%
Batteries, Tires, Ball Joints, Tie Rods and Shock Absorbers	50%

(For vehicles over three (3) years old)
It is further declared and agreed that in case of the total loss of the vehicle insured this Clause shall not apply but the settlement shall be based on the provisions of Section III, Paragraph No. 2 of the Policy.

4. If the Scheduled Vehicle is disabled by reason of loss or damage insured under this Policy, the Company will, subject to the Limits of Liability for towing, bear the reasonable cost of protection and removal to the nearest repairer.
5. The Insured may authorize the repair of the Scheduled Vehicle necessitated by damage for which the Company may be liable under this Policy, provided that:
- the estimated cost of such repair does not exceed the Authorized Repair Limit and;
 - a detailed estimate of the cost is forwarded to the Company without delay.
6. In the event of loss or damage to the Scheduled Vehicle or its accessories or spare parts necessitating the supply of a part not obtainable from stocks held in the Philippines, or in the event of the Company exercising the option under Paragraph 2 to pay in cash the amount of the loss or damage, the liability of the Company in respect of any such part shall be limited to:
- the price quoted in the latest catalogue or price list issued by the Manufacturer or his Agents for the Philippines or
 - if no such catalogue or price list exists, the price last obtained at the Manufacturer's Works plus the reasonable cost of transport other than by air, to the Philippines, and the amount of the relative import duty, and;
 - the reasonable cost of fitting such part.
7. This policy shall be operative whilst the Scheduled Vehicle is being used for the purpose of towing any one disabled mechanically propelled vehicle provided that:
- such towed vehicle is not towed for reward;
 - the Company shall not be liable in respect of damage to such towed vehicle or property being conveyed thereby.

EXCEPTIONS TO SECTION III

The Company shall not be liable to pay for:

- Loss or Damage in respect of any claim or series of claims arising out of one event, the first amount of each and every loss for each and every vehicle insured by this Policy, such amount being equal to one half of one percent (1/2%) of the Insured's estimate of Fair Market Value as shown in the Policy Schedule with a minimum deductible amount of Php 3,000.00;
- Consequential loss, depreciation, wear and tear, mechanical or electrical breakdowns, failures or overages;
- Damage to tires, unless the Scheduled Vehicle is damaged at the same time;
- Any malicious damage caused by the Insured, any member of his family or by a person in the Insured's service;
- Damage caused by overloading or strain;
- Damage caused by explosion of any boiler forming part of, attached to, or on the Scheduled Vehicle.

SECTION IV - EXCESS LIABILITY INSURANCE

- The Company will, subject to the Limits of Liability, reimburse the Insured for all sums actually paid by the Insured to discharge liability in accordance with all the provisions of Section I except the Limits of Liability for Section I but only in excess of:
 - The Limits of Liability for Sections I and II of this Policy, when such limits have been exhausted or;
 - The liability limits required for the Scheduled Vehicle under Section 37 of this insurance Code, as amended in the event no coverage exists as described in paragraph (a) above. Coverage under this paragraph is not subject to the scheduled conditions under Section I.
- The Company will, subject to the Limits of Liability, pay a sum necessary to discharge liability of the Insured, in respect of damage to Third Party property in an accident caused by and arising out of the use of the Scheduled Vehicle, or in connection with the loading or unloading of the Scheduled Vehicle, provided that the Insured's liability shall have first been determined either by final court judgement after actual trial, or by written agreement of the Insured, the Claimant, and the Company. Provided, further, that the Company shall not be liable in respect of damage to property belonging to the Insured, or held in trust by, or in the custody or control of the Insured or any member of the Insured's household, or being conveyed by the Scheduled Vehicle.

GENERAL EXCEPTIONS

The Company shall not be liable under any Section of this Policy in respect of:

- Any accident, or liability caused, or incurred:
 - outside of the Republic of the Philippines;
 - whilst the Scheduled Vehicle is:
 - being used otherwise than in accordance with the limitations as to use;
 - being driven by any person other than an Authorized Driver;
 - on board a sea vessel on inter-island transit.
- Any liability which attached by virtue of an agreement but which would not have attached in the absence of such agreement, except liability arising out of an on the spot agreement or amicable settlement of minor accident to avoid impairing the flow of traffic.
- Except in respect of claims arising under Sections I and II of this Policy, any accident, loss, damage or liability directly or indirectly, proximately or remotely occasioned by, contributed to by or traceable to, or arising out of, or in connection with flood, typhoon, hurricane, volcanic eruption, earthquake or other convulsion of nature, invasion, the act of foreign enemies, hostilities or warlike operations (whether war be declared or not), strike, riot, civil commotion, mutiny, rebellion, insurrection, military or usurped power, terrorism or by any direct or indirect consequences of any of the said occurrences and in the event of any claim hereunder, the Insured shall prove that the accident, loss or damage or liability arose independently of, and was in no way connected with, or occasioned by, or contributed to, any of the said occurrences, or any consequence thereof, and in default of such proof, the Company shall not be liable to make any payment in respect of such a claim.
- Any sum which the Insured would have been entitled to recover from any party but for an agreement between the Insured and such party.
- Bodily injury and/or death to any person in the employ of the Insured arising out of and in the course of such employment, or bodily injury and/or death to any member of the Insured's household who is riding in the Scheduled Vehicle.
- Death, bodily injury or damage caused or arising beyond the limits of any carriageway or thoroughfare, in connection with the bringing of the load to the Motor Vehicle for loading thereon or the taking away of the load from the Motor Vehicle after unloading therefrom.
- Damage to any bridge, weighbridge or viaduct or to any road or anything beneath by vibration or by the weight of the Motor Vehicle or of the load carried by the Motor Vehicle.

DEFINITIONS

- MOTOR VEHICLE is any vehicle as defined in Section Three, paragraph (a) of Republic Act - Numbered Four Thousand One Hundred Thirty Six, otherwise known as the "Land Transportation and Traffic Code".
- THIRD PARTY is any person other than the PASSENGER as defined in the law 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 his employee in respect of death, bodily injury or damage to property arising out of and in the course of employment.

CONDITIONS APPLICABLE TO ALL SECTIONS

1. This Policy and the Schedule shall be read together, as one contract, and any word or expression to which a specific meaning has been attached in any part of this Policy or of the Schedule shall bear such specific meaning wherever it may appear.
2. Every notice or communication to be given or made under this Policy shall be delivered in writing to the Company.
3. The Insured shall take all reasonable steps to safeguard the Scheduled Vehicle from loss or damage to maintain the Scheduled Vehicle in efficient condition, and the Company shall have at all times free and full access to examine the Scheduled Vehicle or any part thereof or any driver or employee of the Insured. In the event of any accident or breakdown, the Scheduled Vehicle shall not be left unattended without proper precaution being taken to prevent further loss or damage and, if the Scheduled Vehicle be driven before the necessary repairs are effected any extension of the damage or any further damage to the Scheduled Vehicle shall be excluded from the scope of the indemnity granted by this Policy.
4. In the event of any accident which may give rise to a claim under this Policy, the Insured shall, as soon as possible, give notice thereof to the Company with full particulars. Every letter, claim, writ, summon and process shall be notified or forwarded to the Company immediately on receipt. Notice shall also be given to the Company immediately as soon as the Insured shall have knowledge of any impending prosecution, inquest or fatal inquiry in connection with any such occurrence. In case of carnapping or other criminal act which may give rise to a claim under this Policy, the Insured shall give immediate notice to the Police and cooperate with the Company in securing the conviction of the offender
5. Without prejudice to No. 2 of the General Exceptions, no admission, offer, promise or payment shall be made by or on behalf of the Insured without the written consent of the Company which shall be entitled to take over the conduct in his name the defense or settlement of any claim, or to prosecute in his name for its own benefit any claim for indemnity or damages or otherwise, but shall not exercise any discretion prejudicial to the interest of the Insured in the conduct of any proceedings in the settlement of any claim, and the Insured shall give all such information and assistance as the Company may require. If the Company shall with the consent of the Insured make any payment in settlement of any claim, and such payment includes any amount not covered by this Policy, the Insured shall repay the Company the amount not so covered.
6. At any time after the happening of any event giving rise to a claim or series of claims under this Policy, the Company may pay to the Insured and the Third Party claimant jointly the full amount of the Company's liability and relinquish the conduct of any defense, settlement or proceedings, and the Company shall not be responsible for any damage alleged to have been caused to the Insured in consequence of any alleged action or omission of the Company in connection with such defense, settlement or proceedings or of the Company relinquishing such conduct, nor shall the Company be liable for any costs or expenses whatsoever incurred by the Insured or any claimant or other person after the Company shall have so relinquished.
7. The Company may cancel this Policy in accordance with Sections 64, 65 and 380 of the Insurance Code, in which case, the Company shall thereupon return to the Insured premiums paid less the pro rata portion thereof for the period when the Policy has been in force. The Insured may, at any time, cancel the Policy by surrendering it to the Company and (provided no claim has arisen during the current period of Insurance) the Insured shall be entitled to a return of the premium at the Company's Short Period Rates for the period when the policy has been in force. However, in respect of Sections I and II, the cancellation made by the Insured shall not be effective unless he has secured a similar policy of insurance or surety bond to replace the policy to be cancelled or make a cash deposit in sufficient amount with the Commissioner and without any gap file within five (5) working days from the date of cancellation the required documentation with the Bureau of Land Transportation in accordance with Section 381 of the Insurance Code.
8. If, at the time any claim arises under this Policy, there is any other insurance covering the same loss, damage or liability, the Company shall not be liable to pay or contribute more than its ratable proportion of any loss, damage, compensation, costs or expenses. Provided always that nothing in this Condition shall impose on the Company any liability from which, but for this Condition, it would have been relieved under proviso (ii) of Section I-2(a) of this Policy.
9. Except in case of claims arising under Sections I and II of this Policy, if any difference or dispute shall arise with respect to the amount of the Company's liability under this Policy, the same shall be referred to the decision of a single arbitrator, to be agreed upon by both parties or, failing such agreement of a single arbitrator, to the decision of two arbitrators, one to be appointed in writing by each of the parties within one calendar month after having been required in writing to do so by either of the parties and, in case of disagreement between the arbitrators, to the decision of an umpire who shall have been appointed in writing by the arbitrators, before entering on the reference, and the costs of and expenses incidental to the reference shall be dealt with in the award. And it is hereby expressly stipulated and declared that it shall be a condition precedent to any right of action or suit upon this Policy that the award by such arbitrators or umpire of the amount of the Company's liability hereunder, if disputed, shall be first obtained. If a claim be made and rejected, and an action or suit be not commenced within twelve months after such rejection, or in case of an arbitration taking place as provided herein, within twelve months after the arbitrator, or arbitrators or umpire shall have made their award, then the claim shall, for all purposes, be deemed to have been abandoned and shall not hereafter be recoverable hereunder. Provided, however, that in case of any dispute in the enforcement of the provisions of Section I and Section II of this Policy, the adjudication of such dispute shall be within the original and exclusive jurisdiction of the Insurance Commissioner, subject to the limitations provided in Section 416 of the Insurance Code, as amended.
10. The due observance and fulfillment of the Terms of this Policy, insofar as they relate to anything to be done or not to be done by the Insured, and the truth of the statements and answer in the proposal, shall be conditions precedent to any liability of the Company to make any payment under this Policy.
11. In the event that the Company should pay or be held liable to pay any claim or claims under the "No Fault" provisions of the Insurance Code, the Insured shall reimburse the Company all such sums, whenever the Insured or his authorized driver or representative has committed a breach of any of the warranties, clauses or conditions of the Policy, or whenever the circumstances fall under any of the EXCEPTIONS listed in the Policy, for which the Company would not have been liable were it not for the application of the "No Fault" provision of the Insurance Code.

NUCLEAR EXCLUSIONS CLAUSE

1. This Policy does not cover:
 - (a) Loss or destruction of, or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom, or any consequential loss;
 - (b) Any legal liability of whatsoever nature, directly or indirectly caused by, or contributed to by, or arising from, ionizing radiations or contamination by radioactivity from any nuclear fuel, or from any nuclear waste from the combustion of nuclear fuel. For the purpose of this exclusion only combustion shall include any self-sustaining process of nuclear fission.
2. The indemnity provided by this Policy shall not apply to nor include any loss, destruction, damage or legal liability directly or indirectly caused by or contributed to, by, or arising from, nuclear weapons material.

CIVIL CODE ARTICLE 1250 WAIVER CLAUSE

IT IS HEREBY DECLARED AND AGREED that the provision of Article 1250 of the Civil Code of the Philippines (Republic Act No. 386) which reads: "In case an extraordinary inflation or deflation of the currency stipulated should supervene, the value of the currency at the time of the establishment of the obligation shall be the basis of payment...", shall not apply in determining the extent of liability under the provisions of this Policy.

SHORT PERIOD RATE SCALE

It is hereby agreed, in the event this Policy is surrendered by the Insured for cancellation, the Company shall retain a premium in accordance with the following scale for the time the Policy has been in force:

No. of Months	1	2	3	4	5	6	7	8	9	10	11
Percentage	20	30	40	50	60	70	75	80	85	90	95