

ISSUANCE AND RENEWAL OF ADJUSTER'S LICENSE AND RULES AND REGULATIONS APPLICABLE TO ADJUSTERS

IC INSURANCE MEMORANDUM CIRCULAR NO. 4-93, December 24, 1993

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Pursuant to the power vested in me under Section 414 of the Insurance Code, the following rules and regulations are hereby promulgated to supplement the provisions of Chapter IV, Title 5 on adjusters and existing circulars relative thereto;

I

Definition of Terms

An adjuster may be an independent adjuster or a public adjuster.

1. Independent adjuster means any person, partnership, association, or corporation which, for money, commission or any other thing of value, acts for, or on behalf of an insurer in the adjusting of claims arising under insurance contracts or policies issued by such insurer.
2. Public adjuster means any person, partnership, association or corporation which, for money, commission or any other thing of value, acts on behalf of an insured in negotiating for, or effecting the settlement of a claim or claims of the said insured arising under insurance contracts or policies, of which advertises for or solicits employment as an adjuster of such claims.

For every line of insurance claim adjustment, adjusters shall be licensed as independent adjusters or as public adjusters. No adjuster shall act on behalf of an insurer unless said adjuster is licensed as an independent adjuster; and no adjuster shall act on behalf of an insured unless said adjuster is licensed as public adjuster: Provided, however, That when a firm or person has been licensed as a public adjuster, he shall not be granted another license as independent adjuster and vice versa.

3. Company adjuster No license, however, shall be required of any company adjuster who is a salaried employee of an insurance company far the adjustment of claims filed under policies issued by such insurance company.

II

Who May Apply for a License as an Adjuster

Persons, partnership, association or corporation may apply for a license as an adjuster. In the case of a natural person, he must be a Filipino citizen and in the case of a partnership, association or corporation, at least sixty per centum (60%) of its capital must be owned by citizens of the Philippines.

III

On Licensing of New Adjusters

1. Natural Person - a) Applicant must be of good moral character and must not have been convicted of a crime involving moral turpitude or have been convicted of any offense by final judgment.
b. Applicant shall have at least ten (10) years experience in the line of adjustment being applied for with any adjustment firm or insurance company or must have successfully completed the insurance adjuster's course

conducted by the Insurance Institute for Asia and the Pacific and/or a program satisfactory to the Insurance Commission in the line of business being applied for or passed the adjuster's examination given by the Insurance Commission.

c. Applicant must have a paid-up capital of at least P250,000.00.

2. Juridical Person - a) The President, General Manager or Chief Operating Officer of the applicant shall be of good moral character and must not have been convicted of a crime involving moral turpitude nor have been convicted of any offense by final judgment.

b. The President, General Manager, or Chief Operating Officer of the applicant shall have at least ten (10) years experience in the line of adjustment being applied for with any adjustment firm or insurance company or must have successfully completed the insurance adjuster's course conducted by the Insurance Institute for Asia and the Pacific and/or a program satisfactory to the Insurance Commission in the line of business being applied for or passed the adjuster's examination given by the Insurance Commission.

c. Applicant must have at least a paid-up capital of P500,000.00

3. Common Requirements - a) Submission of a 3-year business plan.

b. That the application of an adjuster may be referred to the Association of Philippine Adjustment Companies and Insurance and Surely Association of the Philippines for comment as to applicant's moral integrity, honesty and trustworthiness.

c. A pre-licensing examination of applicant's office premises and books of accounts and bank deposit/s shall be conducted by the Insurance Commission to determine if applicant is ready to do business as an adjuster.

IV

Renewal of Adjuster's License

1. Information sheet shall be submitted yearly with renewal application for license showing the updated lists of owners, partners, and stockholders and their corresponding shares of stockholdings.

Further, the information sheet should contain the names of current directors and officers of the corporation.

2. No license to act as an adjuster shall be renewed if the holder thereof has not been actively engaged as such in accordance with such rules as the Commission may prescribe.

The term actively engaged should be taken to mean that the license holder shall have earned, during the year following the issuance of the license, adjustment fees for services rendered as such adjuster amounting to at least P500,000.00 if a partnership or corporation and P250,000.00 if a sole proprietorship or an individual.

V

Capitalization Requirement With Change of Ownership

A change of ownership of existing adjusters as of the date of this Circular shall subject the new owner to the capitalization requirement prescribed herein.

VI

Employees Representing listing Licensed Firms

An employee of existing licensed adjustment firms may be licensed and authorized to act for and in behalf of his/her firm provided that he/ she has the following qualifications:

1. Applicant must be of good moral character and must not have been convicted of a crime involving moral turpitude nor have been convicted of any offense by final judgment.

2. Applicant shall have at least five (5) years experience in the line of adjustment being applied for with any adjustment firm or insurance company or must have successfully completed the insurance adjuster's course conducted by the Insurance Institute for Asia and the Pacific and/or a program satisfactory to the Insurance Commission in the line of business being applied for or passed the adjuster's examination given by the Insurance Commission.

VII

Surety Bond Co-Terminus With License

The required posting of a P50,000.00 surety bond for each line of insurance claim adjustment conditioned upon the faithful and honest performance of the duties as such adjuster should be co-terminous with the license of adjusters.

VIII

Reportorial Requirements

A. To the Insurance Company – (1) No report of adjustment on any insurance loss claim shall be submitted by an independent adjuster or a "company" or "in-house" adjuster, and no insurance company concerned shall receive, acknowledge, or accept such report, unless the same is under oath, duly subscribed and sworn to before a notary public or any public officer authorized to administer oaths by the adjuster rendering the same.

Such adjustment report, however, may be qualified in such manner as may be necessary and insofar as to matters about which the adjuster rendering or submitting the same has no first hand knowledge or information.

2. No fee or salary, as the case may be, shall be paid to the adjuster concerned for services rendered in the adjustment of insurance losses or claims unless the corresponding final report under oath had been duly submitted within 60 days from date of filing of claim by the insured with the insurance company concerned, except when prevented so to do for reasons beyond the adjuster's control.

3. Failure of the company concerned to receive such adjustment report within 60 days as specified above from the adjuster assigned cannot be a valid reason for it to withhold payment or settlement of the loss or claim.

B. To the Insurance Commission (1) Every adjuster, independent or company (In-house); must submit to the Insurance Commission the quarterly report within the period as required under Section 331 of the Code. Every independent adjuster must also indicate in their quarterly reports required to be submitted to the Insurance Commission the amount of the adjustment fee charged against the insurer or insurance company concerned for the adjustment services of claims or losses on fire insurance and other line covers allied thereto as contemplated under the provision of Section 167 of the Insurance Code, rendered during the period or quarter covered upon which the 2% levy or assessable fee chargeable under the provisions of the Fire Code shall be computed and collected.

IX

Establishment of Branch or Regional Offices

Before establishing a branch or regional office within the Philippines or elsewhere, insurance adjusters, public or independent, must give prior notice and obtain approval from the Insurance Commission.

In addition to the duly licensed and registered adjuster in the Home Office, such branch or regional office must have a qualified adjuster duly licensed by and registered with this Commission in each of the fire, marine, casualty, or surety line of insurance loss adjustment which the branch or regional office intends to engage in.

X

Prohibited Acts

1. The cause or causes by which an adjuster's license may be suspended or revoked are as specified under Section 330 of the Code.
2. Any adjuster, independent or company (In-house), found by the Insurance Commission to have either received, exacted, or demanded money or other form of consideration directly or indirectly from an insurance claimant for an expeditious and favorable recommendation of the settlement of the claim or recommending payment of claim in an amount which is either excessive or unreasonably meager as a result of the failure of claimant to satisfy such consideration so demanded or being exacted by the adjusters shall be deemed to have committed a fraudulent or dishonest act, demonstrating his untrustworthiness, thus reflecting adversely against his practices and methods of doing business as such adjuster. An independent adjuster found to have committed such prohibited acts shall no longer be qualified therefore to hold any further his license as such and, accordingly, shall be divested of the privilege. A company (In-house) adjuster found likewise to have committed similar acts shall be separated immediately from the employ of the insurance company.
3. No adjuster, independent or company (In-house) shall be authorized, delegated, or entrusted the duty to deliver checks or cash to the claimants in settlement of insurance claims serviced by such adjuster.
4. No adjustment company shall have any equity in an insurance company or vice versa.

XI

Clearance and Other Requirements

1. National Intelligence Coordinating Agency (NICA) - No adjuster, independent or public, shall be licensed as such by this Commission unless a clearance from the NICA, among other clearances required, is submitted showing no derogatory information against such adjuster, aside from compliance with other licensing requirements.

No company (In-house) adjuster shall be appointed as such unless he secures a prior clearance from the NICA.

2. Bureau of Internal Revenue (BIR) - clearance
3. National Bureau of Investigation (NBI) - clearance
4. Clearance from previous employer.

This Memorandum Circular supersedes Insurance Memorandum Circular No. 4-78, Circular Letters dated July 27, 1978, April 11, 1979, and March 16, 1990.

This Memorandum Circular shall take effect upon approval.

Adopted: 24 Dec. 1993

(Sgd.) ADELITA A. VERGEL DE DIOS
Insurance Commissioner

(Sgd.) ERNEST LEUNG
Acting Secretary of Finance

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