NATIONAL ADMINISTRATIVE REGISTER · AUGUST 26, 2005

EXPEDITIOUS APPROVAL OF TRADITIONAL LIFE INSURANCE PRODUCTS

IC CIRCULAR LETTER NO. 27-05, August 26, 2005

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In order to expedite the approval of life insurance products, certificates or contracts of insurance, supplementary contracts, riders and endorsements, the following rules and regulations are hereby promulgated to implement Section 226 of Presidential Decree No. 1460, otherwise known as the "Insurance Code of 1978" pursuant to the powers vested in the Insurance Commissioner by the provisions of Section 414 thereof:

1. Any submission of life insurance products to be sold as basic policies must be accompanied by all the documents required by Circular Letter No. 11- 90 dated 10 July 1990, together with the transmittal letter addressed to the Insurance Commissioner and a duly

accomplished Checklist and Evaluation Sheet. Specimen copies of the various Checklists and Evaluation Sheets are attached hereto as Annexes "A"[*], "A.1"[*], "B"[*], "B.1"[*], "C"[*] and "C.1"[*]. Due care must be observed by the company in accomplishing the appropriate Checklist and Evaluation Sheet and no item therein must be left unanswered except when it is not applicable, in which case "N.A." should be indicated together with a brief explanation.

2. The submission must also be accompanied by a Deed of Undertaking to be executed by the President or Head of the company or by any authorized senior officer of the company whose name/s must be submitted to the Insurance Commission. Such Deed of Undertaking shall state, among others, the following:

a) That the insurance product submitted for approval pursuant to Section 226 of the Insurance Code substantially contains the mandatory provisions prescribed in Sections 227 to 231 of the Insurance Code as well as the standard provisions required under Circular Letter No. 14-93 dated 25 June 1993 and uses the standard format for asset share calculations prescribed in Circular Letter No. 30-92 dated 20 November 1992 as and when applicable;

b) That the insurance product strictly complies with the substantive requirements of the Insurance Code and other pertinent circulars and guidelines duly issued by the Insurance Commission. The Circulars (Annex "D"[*]) and Guidelines (Annex "E"[*]) attached hereto are made integral parts of this Circular. Furthermore, any circular and guideline pertaining to insurance products and their approval which the Insurance Commission shall subsequently issue shall automatically form part of this Circular;

c) That the accompanying Checklist and Evaluation Sheet were duly accomplished and each entry made thereon is correct and accurate; and

d) That the company shall be responsible for any willful misrepresentation and/or any willful violation committed by any of its officers and/or authorized representatives in connection with the application for approval of the insurance product.

Enclosed is the prescribed Deed of Undertaking form which is marked as Annex "F"[*] hereof.

3. This Circular shall apply to the following:

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a) traditional life insurance products both on standard policy provisions and/or asset share format as prescribed by Circular Letter No. 30-92 dated 20 November 1992 and Circular Letter No. 14-93 dated 25 June 1993;

b) traditional life insurance products which are not on standard policy provisions and/or asset share format; and

c) other traditional life insurance products.

This Circular shall not apply to variable contracts as defined in Title 10 of the Insurance Code of 1978.

4. The Insurance Commission reserves the right to conduct post-audit even after the life insurance product has been issued to confirm if it fully complies with the requirements of the pertinent provisions of the Insurance Code and circulars and guidelines issued by the Insurance Commission.

5. Approval of any insurance product pursuant to this Circular shall be subject to recall at anytime if there is a finding of violation of the Insurance Code and circulars and guidelines issued by the Insurance Commission, without prejudice to the authority of the Insurance Commissioner to impose the applicable penalties prescribed under Section 415 of the Insurance Code and/or other administrative sanctions provided in the Insurance Code. If the misrepresentation, deficiency or violation may be remedied by a corrective action, the Insurance Commissioner may order the company concerned to effect such remedy/ies provided that the interest of the insured is duly and adequately protected. In no case shall this prevent the affected insured or beneficiaries from instituting any appropriate action to recover from the company any damage which they may have incurred or suffered as a result of such misrepresentation, deficiency or violation.

6. All submissions of insurance products, together with the required supporting documents, shall be directly forwarded to the Actuarial Division of the Insurance Commission which shall issue an acknowledgment upon receipt thereof. Upon verification that: i) the required documents are complete; ii) the appropriate Checklist and Evaluation Sheet are duly accomplished; and iii) the prescribed Deed of Undertaking is duly executed, as provided in this Circular, the Insurance Commission shall release the approval letter.

7. The Philippine Life Insurance Association (PLIA) is hereby deputized to disseminate to its member-companies this Circular together with all the attachments referred to herein.

8. This Circular shall supersede Circular Letter No. 25-94 dated 12 December 1994 issued by the Insurance Commission.

This Circular shall take effect immediately.

Adopted: 26 Aug. 2005

(SGD) BENJAMIN S. SANTOS
Insurance Commissioner

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[*] Text Available at Office of the National Administrative Register, U.P. Law Complex, Diliman, Quezon City.

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