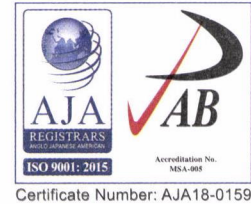




Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



Circular Letter (CL) No.:	2019 - 72
Date:	17 December 2019
Amends:	CL No. 27-2005

CIRCULAR LETTER

TO : ALL LIFE INSURANCE COMPANIES DOING BUSINESS IN THE PHILIPPINES

SUBJECT : GUIDELINES ON APPROVAL OF LIFE INSURANCE PRODUCTS, FORMS AND OTHER PRODUCT-RELATED REQUESTS

WHEREAS, Section 232 of Insurance Code, as amended by R.A. 10607 requires that *"No policy, certificate or contract of insurance shall be issued or delivered within the Philippines unless in the form previously approved by the Commissioner, and no application form shall be used with, and no rider, clause, warranty or endorsement shall be attached to, printed or stamped upon such policy, certificate or contract unless the form of such application, rider, clause, warranty or endorsement has been approved by the Commissioner"*;

WHEREAS, Circular Letter (CL) No. 27-2005 dated 26 August 2005 provides the guidelines for expeditious approval of traditional life insurance products in order to hasten the approval process of life insurance products, certificates or contracts of insurance, supplementary contracts, riders and amendments;

WHEREAS, the continuous growth of life insurance and Mutual Benefit Associations (MBAs), as well as the transfer of authority over the pre-need industry and Health Maintenance Organizations (HMOs) to the Insurance Commission have amplified the number and diversity of products and forms being submitted to the Insurance Commission for approval, and this necessitates reforms on the Insurance Commission's approval process;

WHEREAS, with the promulgation of R.A. No. 11032 otherwise known as the Ease of Doing Business and Efficient Government Service Delivery Act of 2018 which seeks to provide a program for the adoption of simplified requirements and procedures that will reduce red tape and expedite business and non-business related transactions in government, the Insurance Commission is obliged to further shorten its product approval process;

NOW THEREFORE, pursuant to the authority of the Insurance Commissioner under Section 437 of the Insurance Code, as amended by Republic Act No. 10607, the following guidelines are hereby promulgated.

1. Applicability

- 1.1. This Circular shall be applicable to all requests for approval of life insurance products, forms, or other product-related requests issued by Insurers, such as but not limited to:
 - 1.1.1. Products
 - 1.1.2. Forms (Policy Contract, Certificate of Coverage, Endorsements, Application Forms, etc.)
 - 1.1.3. Introduction of New Distribution Channels
 - 1.1.4. Changes in Marketing Name
- 1.2. Prior to issuance of policy contracts, certificates, endorsements, application forms or other contract forms and implementation of any changes thereon, and introduction of new distribution channels, unless otherwise specified in the Insurance Commission's circulars, a written approval from the Insurance Commission must first be obtained by life insurance companies, hereinafter referred to as Insurers.
- 1.3. For group insurance products, any changes in net premium rates must be submitted to this Commission for approval.

2. Documentary Requirements

- 2.1. Notwithstanding any other documentary requirements required under a separate circular issued/to be issued by the Insurance Commission, any submission of request for approval of a product, form or other product-related requests by an Insurer must be accompanied by the following documents in hard and soft copies (Word/Excel format, and pdf format for documents bearing signatures):
 - 2.1.1. For New Products/Forms
 - 2.1.1.1. Transmittal Letter
 - 2.1.1.2. Duly Accomplished Checklist and Evaluation Sheet following the format prescribed in Annexes A to D
 - 2.1.1.3. Duly Accomplished Summary of Revisions in Policy Contract, Rider Contract and/or Endorsement Forms following the format prescribed in Annex G
 - 2.1.1.4. Duly Notarized Deed of Undertaking following the format prescribed in Annex E
 - 2.1.1.5. Actuarial Notes *(for product submissions only)**
 - 2.1.1.6. Viability Study for the complete duration of the plan/rider or 20 policy years, whichever is shorter, for a sample age for hard copy submission and for the complete duration of the

plan/rider for decennial ages for soft copy submission (*soft copy should be in Excel format with formulas and for product submissions only*)*

- 2.1.1.7. Duly Notarized Actuary's Certification following the format prescribed in Annex F*
 - 2.1.1.8. Duly Notarized Legal Counsel's Certification following the format prescribed in Annex H
 - 2.1.1.9. Policy/Rider Contract (3 specimen copies)*
 - 2.1.1.10. Policy Data Page (3 specimen copies)*
 - 2.1.1.11. Sales Proposal (3 specimen copies)*
 - 2.1.1.12. Application Form (3 specimen copies)*
 - 2.1.1.13. Certificate of Insurance (3 specimen copies)*
 - 2.1.1.14. Endorsement Form (3 specimen copies)*
 - 2.1.1.15. Other Contract Forms (3 specimen copies)*
 - 2.1.1.16. Other supporting documents deemed necessary
- 2.1.2. For Revised Products/Forms
- 2.1.2.1. Transmittal Letter
 - 2.1.2.2. Duly Accomplished Checklist and Evaluation Sheet following the format prescribed in Annexes A to D
 - 2.1.2.3. Duly Accomplished Summary of Revisions in Policy Contract, Rider Contract and/or Endorsement Forms following the format prescribed in Annex G
 - 2.1.2.4. Duly Notarized Deed of Undertaking following the format prescribed in Annex E
 - 2.1.2.5. All other applicable documentary requirements under item 2.1.1
 - 2.1.2.6. Copy of Insurance Commission's Approval of underlying fund (*for inclusion of new investment fund for variable life insurance contracts*)
- 2.1.3. For Introduction of New Distribution Channels
- 2.1.3.1. Transmittal Letter
 - 2.1.3.2. Business Plan/Proposal/Model
 - 2.1.3.3. Process Flow
 - 2.1.3.4. Screenshots/Wireframes*
 - 2.1.3.5. Telemarketing Scripts*
 - 2.1.3.6. Other supporting documents deemed necessary

**if applicable*

2.2. All policy/rider contracts, policy data page, sales proposal and endorsement forms must have at least Arial 10 font size or its equivalent.

3. Transmittal Letter

- 3.1. This serves as the covering letter for the application and must contain general specified information about the request being filed. The information that must appear in the transmittal letter shall include the following:
 - 3.1.1. Information identifying the Insurer
 - 3.1.2. Attention line to the Actuarial Division
 - 3.1.3. Name of the product including marketing name, if applicable
 - 3.1.4. A brief description of the product, form or request being filed
 - 3.1.5. A statement about how the Insurer intends to market the product including the manner of distributing the product (distribution channel) and a description of the product's target market, if applicable
 - 3.1.6. A list of all the attachments, if applicable
 - 3.1.7. The name, email address and contact number of the responsible officer of the Insurer that the Insurance Commission can contact regarding the filing
 - 3.1.8. Signature of the President/Chief Executive Officer or any authorized senior officer of the Insurer

4. Deed of Undertaking

- 4.1. The submission must be accompanied by a duly notarized Deed of Undertaking following the format prescribed in Annex E. The Deed of Undertaking shall be executed by the President/Chief Executive Officer or by any authorized senior officer of the Insurer other than the Actuary who signed the Actuarial Certification in Section 2. The name/s of those authorized to execute the Deed of Undertaking must be submitted to the Insurance Commission.

5. Standard Policy Contract, Rider Contract and/or Endorsement Forms

- 5.1. Each Insurer must have only one (1) set of standard general provisions which shall be used in all policy contracts, rider contracts or endorsements to be issued. Each Insurer must exert all efforts to ensure that the general provisions it uses are consistent across all its products and that the said provisions are compliant with the amended Insurance Code and pertinent circulars and guidelines issued by the Insurance Commission.
- 5.2. For all requests for approval of policy contracts, rider contracts or endorsements, a summary containing a detailed list of revisions including any deviations from the Insurer's standard contract provisions and the rationale of such revision/deviation must be attached following the prescribed format in Annex G of this circular.

6. Review and Approval

- 6.1. All submissions, together with the required supporting documents, shall be directly forwarded to the Actuarial Division of the Insurance Commission. Upon verification that: i) the required documents are complete; ii) the

appropriate Checklist and Evaluation Sheet are duly accomplished; iii) the prescribed Deed of Undertaking is duly executed, as provided in this Circular, and iv) the corresponding filing fee is paid and official receipt for such payment is presented, the approval letter shall be released to the Insurance Commission's Records Section within twenty (20) working days from receipt of complete and compliant documents.

- 6.2. If the Insurance Commission fails to release the approval letter to its Records Section within the prescribed period, said request shall be deemed approved, provided, that all required documents have been submitted and all required fees and charges have been paid. The acknowledgement receipt together with the official receipt for payment of all required fees issued to the Insurer shall be considered enough proof or has the same force and effect of an approval letter.
- 6.3. Products or forms containing features and benefits that do not appear in any product in the Insurer's business portfolio shall be subject to review and evaluation of the Insurance Commission. Results of the evaluation shall be communicated to the Insurer within twenty (20) working days from receipt of documents. Likewise, requests for approval of introduction of new distribution channels shall be subject to review and evaluation of the Insurance Commission.

7. Post-Audit

- 7.1. The Insurance Commission shall conduct an on-site or off-site examination within ten (10) years from the date of approval of product, form or other product-related requests to verify if it fully complies with the requirements of the pertinent provisions of the Insurance Code, circulars and guidelines issued by the Insurance Commission.
- 7.2. The Insurance Commission may also examine the Insurer's methods of doing business pertaining to the implementation of the terms and conditions stipulated in the policy contract including but not limited to processes, documents, code of conduct and controls, monitoring processes of sales practices and the activities of agents and other intermediaries.
- 7.3. The Insurance Commission shall inform the Insurer of the results of the post-audit examination.

8. Recall of Approval

- 8.1. Approval of any product, form or other product-related requests shall be subject to recall at any time within the 10-year period prescribed under Section 7 above 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 438 of the Insurance Code and/or other administrative sanctions provided in the same Code.

After such 10-year period, the Deed of Undertaking as specified in Section 4 shall lapse and the Insurance Commission can no longer recall the approval of the request for violation of the Insurance Code, circulars and guidelines issued by the Insurance Commission. However, the Insurance Commission may order the Insurer to refrain from further selling the product or issuing any policy form even after the 10-year period if there is a finding of violation of the Insurance Code, circulars and guidelines issued by the Insurance Commission.

If the misrepresentation, deficiency or violation may be remedied by a corrective action, the Insurance Commissioner may order the Insurer concerned to effect such remedy/ies provided that the interest of the Policyholder, Insured and Beneficiaries are duly and adequately protected. In no case shall this prevent the affected Policyholder, Insured and Beneficiaries from instituting any appropriate action to recover from the Insurer any damage which they may have incurred or suffered as a result of such misrepresentation, deficiency or violation.

9. Sanctions and Penalties

9.1. Penalties for the Insurer

9.1.1. If, upon examination, the Insurance Commission finds that an Insurer has issued policy contracts and forms without prior approval of the Insurance Commission, the penalties prescribed under Circular Letter No. 15-2014 on *Fees and Charges* shall be applied.

9.2. Sanctions for the Insurer

9.2.1. If, upon examination and hearing, the Insurance Commission finds that there is a willful failure or refusal to comply with, or any violation of the Insurance Code and this Circular Letter, the following measures and sanctions, in addition to the penalties prescribed under Section 8.1 above, shall be applied:

9.2.1.1. **1st Offense** – The Insurance Commission shall issue a written reprimand containing said findings and shall include therein a warning and an order requiring the Insurer to take the appropriate measures to rectify said action/s within a specific period of time.

9.2.1.2. **2nd Offense** – The Insurance Commission shall suspend the Insurer's license until the Insurer has taken the appropriate measures to rectify said action/s within a specific period of time.

9.2.1.3. **3rd and Final Offense** – The Insurance Commission shall revoke the license of the Insurer.

9.2.2. Non-submission of the Product Oversight and Governance Policy under Circular Letter No. 2019-71 shall be ground for non-processing of any request for approval of product and/or form by the Insurance Commission after the 6 months transitory period of CL No. 2019-71.

9.3. Sanctions for the Actuary

9.3.1. If, upon examination and hearing, the Insurance Commission finds that the Actuary has failed to adequately perform the required functions and duties under the Insurance Code and this Circular Letter as described in the Actuarial Certification, the following measures and sanctions shall be applied:

9.3.1.1. 1st Offense – The Insurance Commission shall issue a written reprimand containing said findings and shall include therein a warning and an order requiring the Actuary to take the appropriate measures to rectify his action within a specific period of time.

9.3.1.2. 2nd Offense – The Insurance Commission shall suspend the Actuary's accreditation/license until the Actuary has taken the appropriate measures to rectify his/her action within a specific period of time, and inform the regulated entities engaging the services of said Actuary of such decision.

9.3.1.3. 3rd and Final Offense – The Insurance Commission shall revoke the accreditation and license of said Actuary and inform all regulated entities of such decision.

Imposition of the sanctions mentioned above shall not prevent the Insurance Commission from reporting the said actions of the actuary to the Actuarial Society of the Philippines for its evaluation and appropriate action.

10. Transitory Provision

10.1. Insurers with pending requests for approval must submit pending requirements within one (1) month from effectivity of this Circular. Failure to submit the requirements within the prescribed period will be ground for closing the case.

10.2. Insurers with pending requests for approval have the option to re-file their requests and submit all documentary requirements prescribed under this circular in order to expedite the product's approval. Insurers who resubmit their request within one (1) month from effectivity of this Circular shall be exempt from the payment of the filing fee.

11. Separability Clause

11.1. If any provision of this Circular or any part hereof be declared invalid or unconstitutional, other provisions not otherwise affected shall remain valid and subsisting.

12. Repealing Clause

12.1. All circulars, rules and regulations or parts thereof that are inconsistent with the provisions of this Circular are deemed repealed, superseded or modified accordingly.

13. Effectivity

13.1. This Circular shall take effect on January 1, 2020.



DENNIS B. FUNA
Insurance Commissioner

