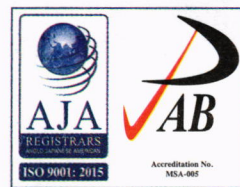




Republic of the Philippines  
 Department of Finance  
**INSURANCE COMMISSION**  
 1071 United Nations Avenue  
 Manila



Certificate Number: AJA18-0159

<b>Circular Letter (CL) No.</b>	2019-21
<b>Date:</b>	29 May 2019
<b>Amends:</b>	<p>Section 2.5 of Insurance Memorandum Circular 3-93 dated June 28, 1993</p> <p>Section 7.17 of Insurance Commission Circular Letter No. 2014-47 dated 21 November 2014</p>

**CIRCULAR LETTER**

**TO : ALL NON-LIFE INSURANCE COMPANIES, THEIR GENERAL AGENTS, AND THE GENERAL PUBLIC**

**SUBJECT : GUIDELINES FOR THE REGULATION OF ONLINE SALES PLATFORMS AND THE SALE THEREIN OF SPECIFIC INSURANCE PRODUCTS SUCH AS COMPULSORY THIRD PARTY LIABILITY INSURANCE**

**WHEREAS**, Insurance Memorandum Circular No. 3-93 dated June 28, 1993 entitled "Licensing of Insurance Agents and General Agents" set out the guidelines for the licensing of insurance agents and general agents and their limitations;

**WHEREAS**, IC Circular Letter No. 2014-47 dated 21 November 2014 provided the "Guidelines on Electronic Commerce of Insurance Products". It recognized the use of electronic and digital marketplaces as an innovative system of commerce for insurance products;

**WHEREAS**, Compulsory Third Party Liability insurance is a government mandated basic insurance coverage that all car owners must obtain in order to register their vehicle in the Philippines;

**WHEREAS**, there is a need for the industry to address challenges and innovation in the sale and distribution of Compulsory Third Party Liability insurance product in the market;

**WHEREAS**, the industry initiated the adoption of Online Sales Platforms in an effort to address the issues and innovations concerning the sale and distribution of Compulsory Third Party Liability insurance. The industry saw the potentials and advantages of using Online Sales Platforms in strengthening the industry's operational efficiency, producing public confidence and as an inexpensive alternative form for promoting, selling and distributing Compulsory Third Party Liability insurance product.

**WHEREAS**, the Insurance Commission recognized the need to address the proliferation of Online Sales Platforms selling and distributing mandatory and tariffed insurance products, such as the Compulsory Third Party Liability and exercise its authority to supervise and regulate the use thereof by issuing this guidelines;

**NOW WHEREFORE**, pursuant to the authority of the Insurance Commissioner under Sections 50 and 437 of the Insurance Code, as amended by Republic Act No. 10607, Section 7.17 of Circular Letter No. 2014-47 entitled "Guidelines on Electronic Commerce of Insurance Products" and Item 2.5 of Insurance Memorandum Circular No. 3-93 entitled "Licensing of Insurance Agents and General Agents" are hereby amended as follows:

**SECTION 1:** The provision of Section 7.17 of Circular Letter No. 2014-47 is hereby amended to read as follows:

"7.17 Intermediaries who have a website for electronic commerce of insurance products are not allowed to approve policies or endorsements or issue such electronic documents thru their website. This prohibition does not apply when the intermediary is provided access to the system which the insurer administratively owned and controlled and the insurance company allows to extend its facilities to an intermediary, such as in the following example:

- (a) Online Sales Portals - A portal which the intermediary can use to facilitate the sale and delivery of policies as authorized user by the insurer.
- (b) Website Links - The intermediary has his own website with a url/link which redirects to the insurer's online selling site. The customer clicks the links from the intermediary's website, and is then redirected to the provider's website.
- (c) Mobile Applications - The intermediary is using the enterprise mobile application authorized for use by the insurer subject to the security arrangement that the insurer provides.
- (d) Online Sales Platforms (OSP) – An electronic software program used for ecommerce which allows sellers or merchants to build, manage, and operate online websites or mobile applications where consumers may directly buy their product/s and avail their service/s.**

**General agents may be allowed to maintain and operate an OSP for specific insurance products, such as Compulsory Third Party Liability (CTPL) insurance.**



**Conversely, those that wish to operate an OSP shall be licensed as a general agent, and shall comply with the requirements of one.”**

(Emphasis ours)

**SECTION 2:** The provision of Item 2.5 of Insurance Memorandum Circular dated June 28, 1993 is hereby amended as follows:

“No person shall be licensed to act as an insurance agent or general agent of more than (1) life insurance company, and/or as general agent of more than one (1) non-life insurance company and as insurance agent of more than seven (7) other non-life insurance companies. No person licensed as an insurance agent or general agent shall be licensed as an insurance broker, nor shall a person licensed as an insurance broker be licensed as an insurance agent or general agent in the same kind of insurance business. The same limitation shall apply to the individual named in the license issued to a partnership, association or corporation to act as insurance agent or general agent. No person, however, shall be licensed to act as general agent unless he has been licensed as an ordinary agent and actively engaged as such for at least one year.

**The limitation on the number of non-life insurance companies that a general agent may represent, as referred to in the previous paragraph, may be dispensed with if the general agent operates, maintains, and sells Compulsory Third Party Liability insurance exclusively through an Online Sales Platform.”**

(Emphasis ours)

**SECTION 3:** This amendatory circular shall take effect immediately. Except as amended and supplemented hereby, all other provisions of Insurance Memorandum Circular No. 3-93 and IC Circular Letter No. 2014-47 shall remain effective and shall be read and construed respectively as a single Circular.

  
**DENNIS B. FUNA**  
Insurance Commissioner

