



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



Circular Letter (CL) No.:	2017-52
Date:	17 November 2017
Amends:	IC Circular Letter No. 2014-15 dated 15 May 2014

CIRCULAR LETTER

**TO : ALL INSURANCE AND REINSURANCE COMPANIES,
INSURANCE AGENTS AND GENERAL AGENTS**

**SUBJECT : PENALTY FOR PAYMENT OF COMMISSIONS TO PERSONS
ACTING AS INSURANCE AGENTS WITHOUT THE REQUIRED
LICENSE**

WHEREAS, Section 307 of the Insurance Code of the Philippines, as amended, prohibits the payment of commission to any person unless such person shall have first procured from the Insurance Commission a license to act as an insurance agent of such company, without, however, providing any penalty for the said violation;

WHEREAS, Section 438 of the Insurance Code of the Philippines, as amended, authorizes the Insurance Commissioner, at his discretion, to impose a fine of not less than Five Thousand Pesos (P5,000.00) and not more than Two Hundred Thousand Pesos (P200,000.00) for any violation of any provision of the Insurance Code, as amended;

WHEREAS, IC Circular Letter No. 2014-15 dated 15 May 2014 provided the penalty for unauthorized payment of commission to unlicensed agents in the amount of Five Thousand Pesos (P5,000.00) per agent or the amount of commission given, whichever is higher;

WHEREAS, there is a need to harmonize the applicable provisions of the Insurance Code, as amended, and IC Circular Letter No. 2014-15 dated 15 May 2014 in order to rationalize and implement the proper penalty for the violation of Section 307;

NOW, THEREFORE, pursuant to the authority vested in the Insurance Commission under existing laws, the following are hereby promulgated:

1. Payment of commissions to any person who does not have a license to act as an insurance agent, regardless of the amount involved, is a violation of Section 307 of the Insurance Code of the Philippines, as amended;
2. The number of unlicensed persons who received payment of commissions shall be the basis in determining the number of violations committed by an insurance company. Thus, payment of commission to one unlicensed person shall constitute as one violation;