



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



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CIRCULAR LETTER

TO : INSURANCE COMPANIES, MUTUAL BENEFIT ASSOCIATIONS, TRUST FOR CHARITABLE USES, INTERMEDIARIES AND THE GENERAL PUBLIC

SUBJECT : GUIDELINES DEFINING UNSAFE BUSINESS PRACTICES OR ACTS AND PROVIDING ADMINISTRATIVE FINES FOR VIOLATION THEREOF

WHEREAS, Section 438 of the Insurance Code, as amended by R.A. 10607, authorizes the Insurance Commissioner to impose, among other things, fines not less than Five thousand pesos (Php 5,000.00) and not more than Two hundred thousand pesos (Php 200,000.00) upon insurance companies, their directors and/or officers and/or agents for conducting business in an **unsafe or unsound manner as may be determined by the Insurance Commissioner**;

WHEREAS, unsafe business acts or practices are not defined in the Insurance Code or any of the Commission's existing circulars, memoranda, rules and regulations;

WHEREAS, there is a need to define unsafe business practices or acts in order to protect the interest and welfare of the insuring public and to provide the imposable administrative fines for the commission thereof;

NOW THEREFORE, by virtue of the powers vested in the Insurance Commissioner under Section 437 (c) of the Insurance Code, as amended by R.A. 10607, the following **Guidelines Defining Unsafe Business Acts or Practices and Providing Administrative Fines for Violation Thereof** are hereby promulgated:

Section 1. Applicability. This Circular shall govern unsafe business acts or practices of insurance companies, reinsurance companies, mutual benefit associations, intermediaries and adjustment companies arising from their contractual relationships with the insuring public.