



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

Head Office:
P. O. Box 3589 Manila
FAX No. 522-14-34
Tel. Nos. 523-84-61 to 70
E-mail: oic@i-manila.com.ph

December 3, 2003

Circular Letter No. 10-2003

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

**SUBJECT: Commission Rates and Marketing Expenses for the
Compulsory Third Party Liability (CTPL) Insurance
Business.**

It has come to the attention of this Commission that non-life insurance companies engaged in the CTPL business are offering excessive commissions and other allowances to agents and brokers for the sole purpose of obtaining the business.

Such practice is in gross violation of the Insurance Code and results in a very high acquisition cost which is detrimental to the insureds and insurers alike simply because sufficient reserves to service the claims under the policies are no longer met.

In view thereof, insurance companies are hereby enjoined to adhere to the 10% commission rate for CTPL business as prescribed in the Insurance Code. Likewise, only 10% of the premiums therefor must be allocated for marketing expenses.

Non-compliance will be a ground for revocation or suspension of the company's certificate of authority.

This Circular takes effect immediately.



EDUARDO T. MALINIS
Officer-In-Charge