



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
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Circular No :	19 - 2008
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CIRCULAR LETTER

TO : ALL NON-LIFE INSURANCE COMPANIES

SUBJECT : DEATH COVER UNDER CREDIT PROTECTION INSURANCE POLICY

This Commission has been receiving lately from the public and life insurance sector requests for confirmation and clarification if under the Credit Protection Insurance policy a non-life insurance company can provide death cover to an individual who has an outstanding balance with a creditor.

After a further review of said contract and taking into consideration Sections 10 (c) and 187 of the Insurance Code, this Commission shall no longer allow non-life insurance companies to issue or renew Credit Protection Insurance policy which contains the following provision:

"If the Assured dies during the currency of the Death Cover, the Company will pay to the creditor the outstanding balance at the date of the Assured's death."

Thus, the authority previously granted by this Commission to non-life companies allowing them to issue subject product is hereby recalled.

Moreover, this Commission is also directing the non-life companies intending to issue Credit Protection Insurance policy to:

1. revise the above quoted or similar provision to the effect that the company shall be liable to the creditor for the outstanding balance of the loan in the event of death of the insured caused solely by accident; and
2. submit for its consideration their Credit Protection Insurance policies with the revised death cover provision duly incorporated therein.

A fine of five hundred pesos (P500.00) per day for every policy found to be non-compliant with this Circular, in whole or in part, is hereby imposed. This is without prejudice to other administrative sanctions provided for under the Insurance Code, including but not limited to suspension of license, that may be imposed, taking into account the frequency and gravity of the violation/s.

This Circular shall take effect immediately.


EDUARDO T. MALINIS
Insurance Commissioner