



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



Legal Opinion No.:	LO-2018-16
Date:	October 15, 2018

ATTY. MA. PATRICIA E. FORIA
Vice President & Head of Legal & Compliance
Insurance Company of North America
A Chubb Company
24/F Zuellig Bldg., Makati Ave. corner
Paseo de Roxas, Makati City (1226)

SUBJECT: Request for Legal Opinion on Outsourcing Arrangement Between: (1) Insurance Company of North America (a Chubb Company) (“Chubb Philippines”); and (2) its affiliate PEZA-registered entity, Chubb Business Services

Dear Atty. Foria:

This refers to the subject request for legal opinion dated 5 September 2018.

This Commission understands that you are specifically inquiring whether the *Outsourcing Agreement* dated 31 August 2018 is consistent with Republic Act No. 10607, otherwise known as the Amended Insurance Code, and/or rules and regulations issued by this Commission.

Our Opinion

At the onset, note that this Commission has the discretion to refrain from rendering opinions on “*matters which clearly involve the exercise of business discretion or judgment which properly falls within the competence of the management of the entities concerned.*” (Section 4 [7]; Circular Letter No. 2017-13, d. 7 March 2017) While this Commission considers the issue of whether or not a particular insurance company has the prerogative to outsource its business functions to a third-party provider as falling under the purview of the provision of the Circular Letter quoted above, this Commission finds it particularly important and instructive to determine whether such outsourcing constitutes the “*doing of an insurance business*” pursuant to Section 2 of the Amended Insurance Code.

According to the Amended Insurance Code, the “*doing of an insurance business*” includes the “*making or proposing to make, as insurer, any insurance contract*” or “*doing or proposing to do any business in substance equivalent to any of the*