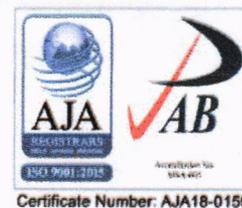




Republic of the Philippines
 Department of Finance
INSURANCE COMMISSION
 1071 United Nations Avenue
 Manila



Circular Letter No.	2018-65
Date	28 December 2018
Supersedes	None
Amends	CL No. 2015-58-A

CIRCULAR LETTER

TO : All Insurance Companies

SUBJECT : Guidelines on Pre-existing Condition, Look-back, Waiting and Free-look Period on Health Insurance Contracts

Pursuant to the powers vested in me by Section 437 of the Insurance Code, as amended by R.A. No. 10607, this Circular Letter on the Guidelines on Pre-existing Condition, Look-back, Waiting and Free-look Period on Health Insurance Contracts is hereby promulgated:

Section 1. Rationale

1.1. Pre-existing condition is an injury, illness, or disease that affects the insured before the effectivity of a health insurance contract. Pre-existing condition is normally excluded in the health insurance contracts to cope with the adverse selection by potential customers and to lower the premium of the contract.

1.2. Adverse selection or antiselection is defined as the tendency of individuals who believe they have a greater-than-average likelihood of loss to seek insurance protection to a greater extent than do other individuals. This may create a situation where people who believe they are in poor health are more likely to apply for life and health insurance than people who believe that they are in average or good health. Hence, an individual's demand for health care service is positively correlated with the individual's risk of loss.

1.3. Some claims were denied due to pre-existing condition, which is an exclusion in the contract, to the dissatisfaction of the consumers who may not have had full