



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



Legal Opinion (L.O.) No.:	2020-12
Date:	29 September 2020

MR. FARHAT HUSSEIN

President & CEO

SGI Philippines General Insurance Company, Inc.

15th Floor, Citibank Tower

8741 Paseo de Roxas St. Makati City 1227

SUBJECT: Location of Data Servers

Dear Mr. Hussein:

This refers to your letter dated 23 July 2019 soliciting from the Insurance Commission a Legal Opinion with regard to the above subject matter.

In said letter, SGI Philippines General Insurance Company, Inc. (SGI) seeks clarification on the following queries, to quote:

“1. Are non-life insurance companies allowed to install its data server abroad?

2. Is it correct for non-life insurance companies to install its data server abroad based on the amendment set forth in IC Circular 2016-15 (Amendments to Guidelines on Electronic Commerce of Insurance Products)?”

After careful evaluation, this Commission’s findings will be discussed hereunder.

At the onset, it must be clarified that setting of a digital server abroad is allowed when the same is done for purposes of engaging in E-Commerce as provided under CL No. 2014-47, as amended by CL No. 2016-15, otherwise known as “Amendment to the Guidelines on Electronic Commerce of Insurance Products”.

Section 2 of Circular No. 2016-15 provides that, to quote:

"14. JURISDICTION OVER INSURANCE CONTRACTS

Insurance companies shall ensure that the Philippines shall retain jurisdiction over electronic insurance contracts **regardless of the location of its data servers**. Information, data, books and records shall also be accessible for inspection and other legal purposes."

Based from the above-cited provision, the location of the data server is immaterial as long as this is readily accessible for inspection and other legal purposes. However, it must be quickly added that the subject matter of said provision only pertains to **insurance contracts in the Circular on E-Commerce Guidelines (CL No. 2014-47)**. Hence, it must be emphasized that the data servers located abroad is allowed solely for the purpose of an insurance provider engaging in E-Commerce as set forth under CL No. 2014-47, as amended by CL No. 2016-15.

Please be guided accordingly.

Thank you.

Very truly yours,

DENNIS B. FUNA
Insurance Commissioner

