



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

Legal Opinion (LO) No.:	2021-11
Date:	29 October 2021

**ATTY. FRANCIS LOUIE OCAMPO**

*Legal Manager*

RAFI Micro-Finance, Inc. (RAFI MFI)

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Subject:      **REQUEST FOR LEGAL OPINION ON THE  
CLARIFICATION OF THE CONCEPT  
“OFFERING” MICROINSURANCE VS.  
INFORMATION DISSEMINATION**

Dear Atty. Ocampo:

This has reference to the letter dated 03 August 2021 from RAFI Microfinance, Inc. (RAFI MFI) requesting this Commission pertaining to the above subject.

As stated in said correspondence, RAFI MFI is a non-stock, non-profit organization that provides financial services to the poor and low-income individuals engaged in microenterprise business. It was also averred that RAFI MFI includes to its clients or borrowers with microinsurance products in partnership with authorized entities licensed by this Commission to engage in insurance business and that these entities offer microinsurance products and with a duly licensed third-party insurance broker.

It was also stated that pursuant to the Microfinance NGOs Act to provide access to appropriate financial services to the poor, RAFI MFI bundled microinsurance products to its microfinance products. The type of microinsurance products that the client must avail depends on the microfinance loan that they are availing and the payment to the premium are then automatically deducted from the loaned amount.

It was further stated that microinsurance brochures are made available at its branches along with forms and other material, and should the client have further questions pertaining to the micro-insurance product, the same is forwarded to the brokers. Also, once the client had insurance claim, the client will submit its requirement to RAFI MFI and the latter will forward the same to the brokers for submission to the Insurance company.

With that, RAFI MFI seeks clarification and contented that it is only acting as a distribution channel and is not offering microinsurance products. RMF further emphasized that under Insurance Commission's Circular Letter No. 2015-54, general

agents and broker may employ innovative distributive mechanisms or services such as the use of retail outlets and electronic platforms or make institutional arrangements with entities, organizations, and companies to distribute micro-insurance products and services. Further, RAFI MFI cited Insurance Commission Circular 2016-64 as it defines a distribution channel and the list of delegable activities to such distribution channels such as information dissemination, providing forms, facilitates premium payment acceptance, and claims assistance which are within the services RAFI MFI provides.

RAFI MFI also stressed, among others, that merely disseminating information regarding the existence of microinsurance product cannot be considered as an act of "offering insurance products". It averred that under IC Circular Letter No. 2016-64, "information dissemination" is defined as the act of bringing micro risk protection product concepts or services to the public's attention by any form of media, such as print, broadcast, digital/mobile or others while "offering or solicitation" is defined as systematic attempt to persuade the purchase of micro risk protection product/service. As stated by RAFI MFI, they can only be considered merely disseminating information as they only provide brochures containing information about the micro-insurance products available.

## **THE LEGAL INQUIRIES**

From the foregoing, RAFI MFI adduced the following two (2) legal inquiries:

1. Whether or not dissemination of information with regard to the existence of microinsurance is considered an act of "offering insurance products; and
2. Whether or not RAFI MFI is considered to be "offering" micro-insurance products.

## **THE INSURANCE COMMISSION'S OPINION**

After a careful and meticulous evaluation of the matters involved, this Commission's legal opinion to the issues are as follows:

### **I. DISSEMINATION OF INFORMATION IS NOT CONSIDERED AS AN ACT OF "OFFERING" INSURANCE PRODUCTS**

This Commission opines that one of the functions of a microinsurance intermediary is to either sell, solicit or offer microinsurance products.

For purposes of dissecting the peculiar acts relative to the distribution of microinsurance products, this Commission opines that the term "offer" can be used interchangeably with the term "solicitation" as this word is the term more appropriate from insurance brokers. Further and as defined by Circular Letter No. 2016-64 dated 19 December 2016 with the subject "*ADOPTION AND IMPLEMENTATION OF MICROINSURANCE DISTRIBUTION CHANNELS REGULATORY FRAMEWORK*", the term "selling or solicitation" is "*the systematic attempt to persuade the purchase of a micro risk protection product/service which concurrently includes:*