



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



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| Legal Opinion (LO) No.: | 2022-08 |
| Date: | 21 March 2022 |

MS. LAWREANNE E. SANICO
weanne.sanico@gmail.com

Subject: **Payment of Service Fee**

Dear **Ms. Sanico**:

This refers to your email last 14 January 2022 seeking the Insurance Commission's legal opinion with respect to the payment of service fee. More specifically, you seek clarification as to whether an insurance agent is allowed to pay for the reasonable collection fee that may be collected by political subdivisions and instrumentalities, and government-owned or controlled corporations under Section 78 of the Insurance Code, as amended, to wit:

“Section 78. Employees of the Republic of the Philippines, including its political subdivisions and instrumentalities, and government-owned or -controlled corporations, may pay their insurance premiums and loan obligations through salary deduction: *Provided*, That the treasurer, cashier, paymaster or official of the entity employing the government employee is authorized, notwithstanding the provisions of any existing law, rules and regulations to the contrary, to make deductions from the salary, wage or income of the latter pursuant to the agreement between the insurer and the government employee and to remit such deductions to the insurer concerned, and collect such reasonable fee for its services.”

Per your email, the relevant facts are as follows:

“-Employees of a government agency would like to avail of insurance policies from an insurance company (INSURER) with premiums payable through salary deduction