



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



Legal Opinion (LO) No.:	2022-10
Date:	05 April 2022

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Subject: **Clarification on Section 1(f), Guideline VII
of the Insurance Guidelines on Rule XVI of
the Omnibus Rules and Regulations
Implementing Republic Act 8042**

Dear **Atty. Agustin**:

This refers to your request for clarification, on behalf of Blazing Star International Manpower Services, a licensed private recruitment agency, with respect to Section 1(f), Guideline VII of the Insurance Guidelines on Rule XVI of the Omnibus Rules and Regulations Implementing Republic Act 8042 (“the Insurance Guidelines”), as amended. Section 1(f), Guideline VII of the Insurance Guidelines provides as follows:

“Section 1. Minimum Benefits

The minimum insurance benefits contemplated herein shall include the following: x x x

(f) Money claims arising from the employer’s liability which may be awarded or given to the worker in a judgment or settlement of his/her case in the NLRC. **The insurance coverage for money claims shall be equivalent to at least three (3) months salaries for every year of the migrant worker’s employment contract, the maximum amount per month of which is One Thousand**

United States Dollars (US\$1,000.00) or the amount of salary under the employment contract, whichever is lower. In case the amount of insurance coverage is insufficient to satisfy the amount adjudged or agreed upon, the recruitment/manning agency is liable to pay the balance thereof.”

More specifically, you sought the following clarifications:

“We are requesting for clarification of the above emphasized provision on the mathematical formula for computing the money claims arising from foreign employer’s liability (non-payment of salaries and the unexpired portion of the contract).

In addition thereto, we also request for the clarification of the phrase “the maximum amount per month of which is One Thousand United States Dollars (US\$1,000.00) or the amount of salary under the employment contract” whether the said \$1,000 pertains to the maximum salary per month (the word “which” referring to the salary per month of the OFW) or the \$1,000.00 is set as a limit to the maximum liability of the insurance company in cases money claims arising from foreign employer’s liability?”

Upon careful consideration of your request, the Insurance Commission’s findings are as follows:

I. Computation of amount of money claims

Insofar as the computation of money claims arising from the foreign employer’s liability is concerned, the same shall be equivalent to the migrant worker’s salary for the unexpired portion of the employment contract. However, it must be emphasized that the money claims arising from the foreign employer’s liability and the insurer’s liability under the insurance contract are two different matters and may not necessarily coincide.

With respect to money claims arising from the foreign employer’s liability, the recruitment or placement agency shall be solidarily liable with the foreign employer for the migrant worker’s salary for the unexpired portion of the employment contract. This is in relation to the Supreme Court’s ruling in *Sameer Overseas Placement Agency, Inc. vs. Cabiles*, G.R. No. 170139, August 5, 2014, declaring the reinstated clause in Section 7 of Republic Act No. 10022 unconstitutional. Section 7 of R.A. No. 10022 provides:

“**Section 7.** Section 10 of Republic Act No. 8042, as amended, is hereby amended to read as follows:

SEC. 10. Money Claims. – x x x The liability of the principal/employer and the recruitment/placement agency for any