



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

Head Office:
P.O. Box 3589 Manila
Cable Address:
* KOMISEG *
Tel. Nos. 59-92-21 to 25

June 28, 1993

INSURANCE MEMORANDUM CIRCULAR NO. 3-93

SUBJECT: Licensing of Insurance Agents and General Agents
TO : All Insurance Companies, Insurance Agents and
General Agents doing or intending to do business
in the Philippines

Pursuant to the authority granted to the undersigned
by Sections 305 and 414 of the Insurance Code, the follow-
ing rules and regulations are hereby promulgated:

1. DEFINITIONS

The definitions set forth hereunder shall govern
the construction of the following terms used in this
memorandum circular:

- a) The term "person" shall, unless the context
otherwise requires, include any individual,
partnership, association or corporation.
- b) The term "insurance agent" shall mean any
person who, for compensation, solicits or
obtains insurance on behalf of any insurance
company or transmits for a person other than
himself an application for a policy or con-
tract of insurance to or from such company
or offers or assumes to act in the negotiation
of such insurance.
- c) The term "general agent" shall mean any person
who, for compensation, solicits or obtains
insurance on behalf of any insurance company
or transmits for a person other than himself
an application for a policy or contract of
insurance to or from such company or offers
or assumes to act in the negotiation of such
insurance and empowered by such company to do
such other acts and things for and on its
behalf in the conduct of its business as
specified in the general agency agreement
executed by and between them.



✓ District Offices:

Luzon: Dagupan City

Visayas: Cebu City

Mindanao: Davao City

2. LICENSING REQUIREMENTS, LIMITATIONS

- 2.1 No insurance company, doing business in the Philippines, or any agent thereof, shall pay any commission or any compensation to any person for services in obtaining insurance unless such person shall have first procured from the Insurance Commissioner a license to act as an insurance agent or general agent.
- 2.2 No person shall act as insurance agent or general agent in the Philippines without first procuring a license so to act from the Insurance Commissioner. Such license shall be issued only if, upon written application of the person desiring it and payment of the corresponding fee therefor, such person is found qualified and not otherwise disqualified for such license. Such license shall be valid until midnight of the 30th day of June of the year following its issuance unless sooner revoked or suspended for cause, and may be renewed annually on the 1st day of January, or within six (6) months thereafter.
- 2.3 A license issued to a partnership, association or corporation to act as an insurance agent or general agent shall authorize only the individual or individuals named in the license. Exercise or attempted exercise of such authority by an individual not so named in the license, with the knowledge or consent of the licensee shall constitute cause for the revocation or suspension of the license.
- 2.4 No insurance company doing business in the Philippines, or any agent thereof, shall pay to any person licensed to act as insurance agent or general agent, nor shall such person receive any commission or other compensation for the insurance on his life or property or other interests appertaining thereto, unless such person has secured for or placed with the company at least an equal amount of outside business during the period covered by his license. This rule shall also apply in the case of a partnership, association or corporation licensed to act as insurance agent or general agent which obtains or procures insurance on the life or property, or other interests appertaining thereto of such partnership, association or corporation, or any of its partners, members or stockholders.
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- 2.5 No person shall be licensed to act as an insurance agent or general agent of more than one (1) life insurance company, and/or as general agent of more than one (1) non-life insurance company and as insurance agent of more than seven (7) other non-life insurance companies. No person licensed as an insurance agent or general agent shall be licensed as an insurance broker, nor shall a person licensed as an insurance broker be licensed as an insurance agent or general agent in the same kind of insurance business. The same limitation shall apply to the individual named in the license issued to a partnership, association or corporation to act as an insurance agent or general agent. No person, however, shall be licensed to act as general agent unless he has been licensed as an ordinary agent and actively engaged as such for at least one year.
- 2.6 No official or employee of an insurance brokerage or an adjustment company and no individual adjuster, shall be licensed to act as an insurance agent or general agent.
- 2.7 No employee with the rank of manager and above of an insurance company shall be licensed to act as its insurance agent or general agent.

3. QUALIFICATIONS

- 3.1 To qualify for a license to act as insurance agent or general agent, the applicant must -
- a) be a resident of the Philippines
 - b) be trustworthy
 - c) pass the written examination mentioned below, if not otherwise exempt from taking the same
- 3.2 In case the applicant is a partnership, association or corporation, such applicant must be domiciled in the Philippines and empowered under its articles of incorporation to transact the kind of business applied for. The individual to be named in the license applied for must also possess the above qualifications.

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4. EXAMINATION

- 4.1 The applicant for license shall qualify himself in a written examination for the kind of license applied for, if not otherwise exempt from taking the same.
- 4.2 The examination shall be held at such times and places as the Insurance Commissioner shall designate.
- 4.3 Those desiring to take such examination shall file an application with the Insurance Commissioner on forms prescribed by the Insurance Commissioner.
- 4.4 Every applicant for such examination shall, at the time his application is filed, pay to the Insurance Commissioner an examination fee of One Hundred Pesos (₱100.00) in case of walk-in examination and One Hundred Fifty Pesos (₱150.00) in case of provincial examination.
- 4.5 The applicant for such examination must be of good moral character and must not have been convicted of any crime involving moral turpitude. He must satisfactorily show that he has been trained in the kind or kinds of insurance contemplated in the license applied for.
- 4.6 A grade of 70% shall be necessary to pass the examination.
- 4.7 No such examination shall be required of the following:
 - a) One who presently holds, or had previously held at any time during the last ten (10) years, a license of the kind applied for.
 - b) One who has successfully completed the Insurance Agents' Course conducted by the Insurance Institute for Asia and the Pacific or an academic course and/or training program, satisfactory to the Insurance Commissioner, in the kind of insurance contemplated in the license applied for.

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- c) One who, because of his previous connections with any insurance company, or with any office, or firm handling insurance matters, is found by the Insurance Commissioner to be competent to transact the business contemplated in the license applied for.

5. APPLICATION FOR LICENSE

- 5.1 The application for the issuance or renewal of a license to act as insurance agent or general agent shall be upon forms prescribed by the Insurance Commissioner. For a partnership, association or corporation, the application shall designate the individual who is to exercise the power granted by the license. Such application shall be accompanied by a copy each of the applicant's income tax return for the preceding year and privilege tax receipt for the current year if applying for renewal of license.

The application for the issuance of a license to act as insurance agent shall, in addition, be accompanied by a copy of agency agreement entered into by and between the applicant and the insurance company concerned limiting power of agent to solicitation of insurance business only.

- 5.2 The application for the issuance of a general agent's license shall, in addition, be accompanied by a copy of the general agency agreement entered into by and between the applicant and the insurance company concerned, together with a copy of the power of attorney duly executed by the insurance company empowering the applicant to receive notices, summons and legal processes for and in behalf of the said company in connection with actions or legal proceedings against such company.
- 5.3 In order to facilitate the processing of applications for renewal of insurance agent's licenses, particularly with respect to the income earned by the applicant concerned, it shall be considered sufficient compliance with the "actively engaged" requirement, infra, if is certified under oath by the president of the executive/senior vice president (if there be more than one vice president) or the vice president (if there be only one vice president)

of the insurance company which such applicant represents that he has examined the income tax return of the said applicant for the preceding year and found that the amount of commission or other compensation which the latter has received for services rendered as insurance agent of said company for the year amounted to at least three thousand six hundred pesos

- 5.4 The said certification shall be accompanied by a statement of waiver, jointly signed by the insurance company and the insurance agent concerned, to the effect that if the aforementioned certification be found to be false in any respect, the license so renewed in consideration of such certification shall be immediately cancelled without prior notice. The parties responsible therefor shall then be dealt with in the manner called for in the premises.
- 5.5 An alien applicant for renewal of an insurance agent's license who has been licensed as such by this Commission before September 30, 1968, and has continually been so licensed, shall submit proof that he has submitted the report prescribed in Section 2, Rule IV of the implementing rules of Republic Act No. 5455, to the Board of Investments.
- 5.6 In case an insurance agent's or general agent's license for life business is denied renewal on the ground that he has not been actively engaged as such agent or general agent as provided in this Memorandum Circular, such agent or general agent may, upon submission of a sworn certification executed by a responsible officer of the insurance company concerned that such agent has to his credit business to which he is entitled to renewal commissions, be issued a special license to service existing policies solicited by him and receive renewal commissions therefor; provided, however, that in no case shall he solicit new business under said license, nor shall such license be renewed annually for more than five (5) years.
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5.7 An insurance agent or general agent who, for not having been actively engaged as such, failed to qualify for renewal of his license during the period prescribed for such renewal may, after one year following the expiration of said license, apply for the issuance of a new license upon showing that such applicant has undergone training in the kind or kinds of business contemplated in the license applied for in the company he desires to represent for at least forty (40) hours during the last six (6) months prior to his application.

6. DENIAL, SUSPENSION, REVOCATION OF LICENSE

6.1 An application for the issuance or renewal of a license to act as an insurance agent or general agent may be refused, or such license, if already issued or renewed, shall be suspended or revoked, if the Insurance Commissioner finds that the applicant for, or holder of, the license:

- a) has willfully violated any provision of the Insurance Code or of this Memorandum Circular or any of the rules, regulations or instructions of the Insurance Commissioner; or
- b) has intentionally made a material misstatement in the application to qualify for such license; or
- c) has obtained or attempted to obtain a license by fraud or misrepresentation; or
- d) has been guilty of fraud or dishonest practices; or
- e) has misappropriated or converted to his own use or illegally withheld money required to be held in a fiduciary capacity; or
- f) has not demonstrated trustworthiness and competence to transact the business contemplated in his license in such manner as to safeguard the public; or

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- g) has materially misrepresented the terms and conditions of policies or contracts of insurance which he seeks to sell or has sold; or
 - h) has failed to pass the written examination prescribed, if not otherwise exempt from taking the same; or
 - i) has been declared insolvent or bankrupt.
- 6.2 In addition to the foregoing causes, no license to act as insurance agent or general agent shall be renewed if the holder thereof has not been actively engaged as such agent.
- 6.3 The term "actively engaged" shall be taken to mean that the license holder shall have earned, during the year following the issuance of the license, commissions or other compensation for services rendered as such insurance agent or general agent amounting to at least three thousand six hundred pesos.
- 6.4 In case the license holder is a partnership, association or corporation, the term "actively engaged" shall apply to the individual named in the license.
- 6.5 Except as provided in paragraph 5.7 supra, an application for the issuance of a license to act as an insurance agent or general agent shall likewise be refused if the applicant, being a previous holder of a license of the kind applied for, which expired without having been renewed during the current year, has not been actively engaged as such agent during the effectivity of his last license.
- 6.6 A license to act as insurance agent or general agent may likewise be revoked upon the termination of the agency contract, in which event the insurance company concerned shall give immediate notice in writing to the Insurance Commissioner.
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7. FEEES

7.1 For the issuance or renewal of:

Each license issued to an insurance agent-P100.00

Each license issued to a general agent -P200.00

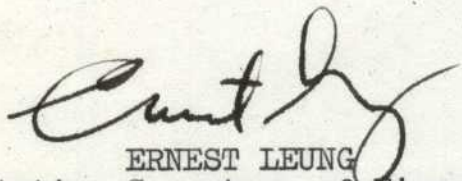
7.2 In case the licensee is a partnership, association or corporation, the license shall pay a full additional license fee for each prospective individual named in the license in excess of one.

8.9 EFFECTIVITY

This Memorandum Circular amends Insurance Memorandum Circular No. 2-86 dated September 29, 1986 and shall take effect upon approval.

EDUARDO T. MALINIS
Deputy Insurance Commissioner
Officer-in-Charge

APPROVED: June 7, , 1993


ERNEST LEUNG
Acting Secretary of Finance

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