



Advisory No.:	RS-2023-007
Classification:	Regulatory and Supervisory Advisory
Date:	28 March 2023
Supersedes / Revokes:	RS-2023-003, d. 23 January 2023

INSURANCE COMMISSION ADVISORY

TO : ALL NON-LIFE INSURANCE COMPANIES, REINSURANCE COMPANIES AND LICENSED INTERMEDIARIES DOING BUSINESS IN THE PHILIPPINES

SUBJECT : REVOCATION OF INSURANCE COMMISSION ADVISORY NO. RS-2023-003 (“**CLARIFICATIONS AS REGARDS CIRCULAR LETTER NO. 2022-54 DATED 22 DECEMBER 2022 (‘SETTING ASIDE THE ADOPTION OF THE REVISED SCHEDULE OF MINIMUM CATASTROPHE RATES UNDER IC CL 2022-34’)**”

WHEREAS, this Commission issued Circular Letter (CL) No. 2022-34 dated 14 July 2022 on the “*Guidelines on the Adoption of the Revised Schedule of Minimum Catastrophe Rates*” to be observed by all non-life insurance companies and intermediaries, and shall apply to all insurance policies covering earthquake and typhoon flood risks for both new and renewal business, except for risks rated under the motor car tariff;

WHEREAS, as there was a need to ventilate the concerns arising from the revised schedule of minimum catastrophe rates prescribed under CL No. 2022-34 considering the expected increase of insurance premiums and its possible impact to the policyholders, this Commission issued CL No. 2022-54 on 22 December 2022, stating, in part, that: “x x x IC CL No. 2022-54 dated 14 July 2022 is hereby **SET ASIDE** without prejudice to further appropriate action on the matter”;

WHEREAS, on 23 January 2023, this Commission issued *Insurance Commission Advisory No. RS-2023-003*, which provides, in part, that:

*“Note that the setting aside of CL No. 2022-34 dated 14 July 2022 is **TEMPORARY** in nature. Note further that this temporary suspension of the effectivity of CL No. 2022-34 shall be without prejudice to further*

appropriate action on the matter' that may be undertaken by the Insurance Commissioner per CL No. 2022-54.

This Advisory further clarifies that CL No. 2022-54 delays the implementation of the regulatory action contained in CL No. 2022-34 to allow for the necessary public consultations to take place.

The deadline for meeting the requirement set forth in CL No. 2022-34 for non-life insurance companies and reinsurance companies to adopt revised minimum rates for catastrophe risk insurance will be established in a Circular Letter to be issued upon completion of the public consultations.”

WHEREAS, the undersigned's term of office as Insurance Commissioner ended **on 9 January 2023** in accordance with the provisions of Section 437¹ of the Insurance Code of the Philippines, as amended by Republic Act No. 10607; and that the undersigned is presently sitting as Insurance Commissioner only on a hold-over capacity;

WHEREAS, *Insurance Commission Advisory No. RS-2023-003* provides guidance on matters to be considered or otherwise accomplished that are already beyond the undersigned's term of office; and said *Advisory* may consequently be construed as depriving the succeeding Insurance Commissioner of discretion as regards the proper disposition of said matters involving the prescription of revised minimum catastrophe insurance premium rates and/or consequent regulatory action/s to be done under the premises;

WHEREAS, otherwise stated, *Insurance Commission Advisory No. RS-2023-003* creates the impression that the succeeding Insurance Commissioner is bound by the pronouncements thereunder, precluding him/her from the statutory exercise of discretion on said matters;

NOW, THEREFORE, Insurance Commission Advisory No. RS-2023-003 is hereby REVOKED, in recognition of the exercise of discretion by the succeeding Insurance Commissioner on said matters involving the prescription of revised minimum catastrophe insurance premium rates and/or consequent relevant regulatory action/s to be done under the premises.

For information and guidance.

DENNIS B. FUNA
Insurance Commissioner



¹ “Section 437. The Insurance Commissioner shall be appointed by the President of the Republic of the Philippines for a term of **six (6) years** without reappointment and who shall serve as such until the successor shall have been appointed and qualified. x x x” [Emphasis supplied.]