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Circular Letter No. 2019 – 72 1-2
**Guidelines on Approval of Life Insurance Products,
Forms and Other Product-Related Requests**

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**GUIDELINES ON APPROVAL OF LIFE INSURANCE PRODUCTS,
FORMS AND OTHER PRODUCT-RELATED REQUESTS**

I. Background and Effectivity

The Insurance Commission (IC) issued Circular Letter (CL) No. 2019-72, dated December 17, 2019, to amend CL No. 27-2005 which governs the guidelines for the approval of traditional life insurance products. CL No. 2019-72 was issued in response to the amplified number and diversity of products due to the continuous growth of life insurance and Mutual Benefit Associations (MBAs), as well as the transfer of authority over the pre-need industry and Health Maintenance Organizations (HMOs) to the IC.

CL No. 2019-72 shall take effect on January 1, 2020. Insurers with pending requests for approval must submit pending requirements within one (1) month from effectivity of CL No. 2019-72. Refiling or resubmission of pending requests shall exempt the insurer from the payment of filing fees.

II. General Features

a. CL No. 2019-72 applies to:

- i. Products;
- ii. Forms;
- iii. Introduction of new distribution channels; and
- iv. Changes in marketing name.

b. Prior written approval from the IC must be obtained for:

- i. Issuance of policy contracts, certificates, endorsements, forms and implementation of any changes thereon, and introduction of new distribution channels; or
- ii. Changes in net premium rates for group insurance products.

III. Documentary Requirements

a. New products/forms:

- i. Transmittal letter;
- ii. Duly accomplished checklist and evaluation sheet¹;

¹ In the formats prescribed in Annexes A to D of CL No. 2019-72

- iii. Duly accomplished summary of revisions in policy contract, rider contract, and/or endorsement forms²;
 - iv. Duly notarized deed of undertaking³;
 - v. Duly notarized legal counsel's certification⁴; and
 - vi. If applicable, the following:
 - 1. Actuarial notes;
 - 2. Viability study for the complete duration of the plan/rider or 20 policy years, whichever is shorter⁵;
 - 3. Duly notarized actuary's certification⁶;
 - 4. Policy rider/contract (3 specimen copies);
 - 5. Policy data page (3 specimen copies);
 - 6. Sales proposal (3 specimen copies);
 - 7. Application form (3 specimen copies);
 - 8. Certificate of insurance (3 specimen copies);
 - 9. Endorsement form (3 specimen copies); and
 - 10. Other contract forms (3 specimen copies);
 - vii. Other supporting documents deemed necessary.
- b. Revised products/forms:
- i. Transmittal letter;
 - ii. Duly accomplished checklist and evaluation sheet⁷;
 - iii. Duly accomplished summary of revisions in policy contract, rider contract, and/or endorsement forms⁸;
 - iv. Duly notarized deed of undertaking⁹;
 - v. All other applicable documentary requirements for "new products/forms"; and
 - vi. Copy of IC's approval of underlying fund¹⁰.

² In the format prescribed in Annex G of CL No. 2019-72

³ In the format prescribed in Annex E of CL No. 2019-72

⁴ In the format prescribed in Annex H of CL No. 2019-72

⁵ For a sample age for hard copy submission and for the complete duration of the plan/rider for decennial ages for soft copy submission (*soft copy should be in Excel format with formulas and for product submissions only*)

⁶ In the format prescribed in Annex F of CL No. 2019-72

⁷ In the formats prescribed in Annexes A to D of CL No. 2019-72

⁸ In the format prescribed in Annex G of CL No. 2019-72

⁹ In the format prescribed in Annex E of CL No. 2019-72

¹⁰ For inclusion of new investment fund for variable life insurance contracts

- c. Introduction of new distribution channels:
 - i. Transmittal letter;
 - ii. Business plan/proposal/model;
 - iii. Process flows;
 - iv. If applicable, the following:
 - 1. Screenshots/wireframes; and
 - 2. Telemarketing scripts;
 - v. Other supporting documents deemed necessary.

In addition, all policy/rider contracts, policy data page, sales proposal and endorsement forms must have at least Arial 10 font size or its equivalent.

IV. Guidelines for Specific Documentary Requirements

- a. Transmittal letter – It shall include the following:
 - i. Information identifying the insurer;
 - ii. Attention line to the Actuarial Division;
 - iii. Name of the product including marketing name, if applicable;
 - iv. Brief description of the product, form, or request being filed;
 - v. Statement showing:
 - 1. how the insurer intends to market the product including the distribution channel; and
 - 2. the product's target market, if applicable.
 - vi. List of all attachments;
 - vii. Contact details (name, email address, and contact number) of the responsible officer of the insurer; and
 - viii. Signature of the President/Chief Executive Officer or any authorized senior officer of the insurer.
- b. Deed of Undertaking must follow the prescribed format and shall be executed by the President/Chief Executive Officer or any authorized senior officer of the insurer other than the actuary who signed the actuarial certification. The name/s of those authorized to execute the Deed of Undertaking must be submitted to the IC.

V. Standard Policy/Rider Contract and/or Endorsement Forms

- a. Each insurer must have only one (1) set of standard general provisions which shall be used in all policy/rider contracts or endorsements to be issued. For all requests for approval, a summary containing a detailed list of revisions including any deviations from insurer's standard contract provisions and the rationale of such revision/deviation must be attached following the prescribed format in Annex G of CL No. 2019-72.

VI. Review and Approval

- a. Submissions shall be directly forwarded to the Actuarial Division which shall verify that the:
 - i. required documents are complete;
 - ii. checklist and evaluation sheet are duly accomplished;
 - iii. prescribed deed of undertaking is duly executed; and
 - iv. corresponding filing fee is paid and the official receipt is presented.
- b. The approval letter shall be released to the Records Section within twenty (20) working days from receipt of complete and compliant documents. Failure to release the approval letter within the prescribed period shall deem the request as approved, provided that all required documents have been submitted and all required fees and charges have been paid.
- c. The acknowledgment receipt, together with the official receipt, shall be considered enough proof or has the same force and effect of an approval letter.

VII. Post-Audit and Recall of Approval

- a. The IC shall conduct an on-site or off-site examination within ten (10) years from the date of the approval of the product, form, or other product-related requests.
- b. An approval may be recalled (without prejudice to imposition of penalties and/or sanctions) within the ten (10) year period if there is a finding of violation of the Insurance Code and/or the IC's circulars and guidelines. After the lapse of the ten (10) year period, the IC may no longer recall the approval due to any violation. However, the IC may order the insurer to refrain from further selling the product or issuing any form even after the ten (10) year period if there is a violation.

VIII. Sanctions and Penalties

a. Penalties and sanctions for the insurer

- i. Issuance of policies and forms without prior approval – imposition of penalties under CL No. 15-2014 on *Fees and Charges*;
- ii. Willful failure or refusal to comply with or violation of the Insurance Code or CL No. 2019-72:
 1. 1st offense – written reprimand with order to rectify;
 2. 2nd offense – suspension of insurer's license; and
 3. 3rd offense – revocation of insurer's license.
- iii. Non-submission of Product Oversight and Governance Policy¹¹ shall be a ground for non-processing of any request for approval of product and/or form.

b. Sanctions for the actuary

- i. Failure to adequately perform the required functions and duties under the Insurance Code and in CL No. 2019-72:
 1. 1st offense – written reprimand with order to rectify;
 2. 2nd offense – suspension of actuary's accreditation/license; and
 3. 3rd offense – revocation of actuary's accreditation/license.

¹¹ As required under CL No. 2019-71