



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



Circular Letter (CL) No.:	2020-88
Date:	28 August 2020
Amends:	CL No. 2020-70

**CIRCULAR LETTER**

**TO : INSURANCE COMPANIES, PRE-NEED COMPANIES AND HEALTH MAINTENANCE ORGANIZATIONS (HMOs)**

**SUBJECT : AMENDMENT TO CIRCULAR LETTER NO. 2020-70 ON THE DIGITAL PAYMENTS PROCESS**

Pursuant to the powers granted to the Insurance Commissioner under Section 437 of the Insurance Code, as amended by Republic Act ("R.A.") No. 10607, Section 6 of R.A. 9829, otherwise known as the "Pre-Need Code of the Philippines", Section 4 of Executive Order No. 192, Series of 2015, Circular Letter No. 2020-70 providing on the "Recognition of Digital Payments as an Integral Part of Insurance Technology (Insurtech), Providing for Its Framework, and Encouraging Its Adoption in Insurance Transactions" is hereby amended as follows:

**Section 1.** Section 5 of Circular Letter No. 2020-70 is hereby amended to read as follows:

**"SECTION 5. PROCESS.**

- a. The customer-originator will pay for the insurance/pre-need/HMO product/s using digital money through digital payment services provided by an intermediary, as determined by the company-addressee.



Figure 1. Digital Payment Scheme

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 IC Supervising Administrative Officer  
 Administrative Division  
 Insurance Commission

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- b. **Acknowledgment of Receipt of Payment.** When digital payment has been completed by the originator, the addressee (not the intermediary) shall immediately acknowledge receipt of the same.

If the addressee requires that it should first receive the payment from the intermediary before any payment (full/partial) made by the originator can be completed, such addressee or the intermediary acting on behalf of such addressee must inform the originator that payment is on pending status. In such a case, the originator may still cancel the payment and whatever the originator has already paid, the same must be reimbursed to him in full.

Digital payment shall be deemed complete upon receipt by the originator of notice from the addressee that payment has been accepted/completed.

- c. **Error in Digital Payment.** In order to prevent the erroneous or accidental purchase of insurance, pre-need, or HMO products, the addressee is required to recapitulate in a summary presented to the originator all the information provided by the originator in the application form, as well as all terms and conditions related to the transaction. The aforementioned summary shall be presented to the originator prior to the conclusion of a transaction, and the originator shall be afforded a meaningful opportunity to correct or cancel the transaction or application before it is accepted and processed.
- d. **Free-Look Period.** Whenever the free-look provision applies, the addressee shall provide for a mechanism for refund in the event that the originator exercises their free-look option and other similar instances. The terms and conditions and the procedure for claiming refund, as well as the time frame for such refund, must be clearly communicated to the originator in a manner that makes it possible for the originator to maintain an adequate record of such information.

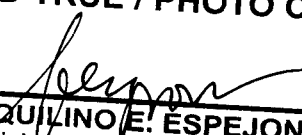
**Section 2.** Section 6 of Circular Letter No. 2020-70 is hereby amended to read as follows:

**"SECTION 6. Prohibited Acts**

- a. The addressee/intermediary shall have no authority to modify or alter the content of the electronic data message or

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electronic document received or to make any entry therein on behalf of the originator, any third party who shall retain the electronic document or as necessary for the purpose of delivering the product/service.


- b. Denial of the legal effect of payment for the sole reason that it is not in physical form of payment.
- c. Requiring the originator or providing as an option to the originator that payment be made in the form of virtual/crypto currencies.
- d. Making any provision in the terms and conditions to be accepted by the originator before proceeding to digital payment which shall have the effect of a waiver of any of the prohibited acts in this Circular.”

**Section 3.** This amendatory Circular shall take effect immediately. Except as amended and supplemented hereby, all other provisions of Circular Letter No. 2020-70 shall remain effective. The unamended provisions of the said Circular and the amendments introduced herein shall be read and construed as a single Circular.

  
**DENNIS B. FUNA**  
Insurance Commissioner



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