



Circular Letter (CL) No.:	2020-109
Date:	26 November 2020
Supersedes / Amends:	Section II, CL No. 15-2007, d. 7 August 2007; CL No. 2020-29, d. 30 March 2020; CL No. 2020-36, d. 7 April 2020; CL No. 2020-46, d. 22 April 2020; CL No. 2020-54, d. 14 May 2020; CL No. 2020-55, d. 14 May 2020

CIRCULAR LETTER

TO : ALL LIFE AND NON-LIFE INSURANCE COMPANIES DOING BUSINESS IN THE PHILIPPINES

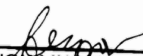
SUBJECT : GUIDELINES ON INSTITUTIONALIZATION OF “REMOTE SELLING INITIATIVES” AS A PERMANENT MODE OF SELLING INSURANCE PRODUCTS

WHEREAS, in response to the COVID-19 pandemic, the Insurance Commission issued Circular Letter (CL) No. 2020-29 on 30 March 2020 providing for *“Guidelines Governing Initiatives of Life Insurance Companies to Sell Life Insurance Products to the Public During the Enhanced Community Quarantine (ECQ) Period Due to the COVID-19 Pandemic”*, among other Circular Letters;

WHEREAS, this Commission issued CL No. 2020-46 on 22 April 2020 extending the effectivity of CL No. 2020-29 *“[d]uring the Enhanced Community Quarantine Period or any extension thereof, or until 30 June 2020, whichever comes later x x x”*;

WHEREAS, this Commission further extended the effectivity of CL No. 2020-29 until 31 December 2020 by issuing CL No. 2020-55 on 14 May 2020, amending CL No. 2020-46, in order to aid the Philippine life insurance industry to respond to new global conditions engendered by the COVID-19 pandemic, otherwise known as the *“New Normal”*, consequently amending CL No. 2020-46;

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WHEREAS, as part of its COVID-19 pandemic response, the Insurance Commission also issued CL No. 2020-36 on 7 April 2020 providing for *“Guidelines Governing Initiatives of Non-Life Insurance Companies to Sell Non-Life Insurance Products to the Public During the Enhanced Community Quarantine (ECQ) Period Due to the COVID-19 Pandemic”*, among other Circular Letters;

WHEREAS, this Commission extended the effectivity of CL No. 2020-36 until 31 December 2020 by issuing CL No. 2020-54 on 14 May 2020 in order to aid the Philippine non-life insurance industry to respond to new global conditions engendered by the COVID-19 pandemic, otherwise known as the *“New Normal”*;

WHEREAS, this Commission has observed and thus recognizes the significant benefits derived by both the life and non-life insurance industries from utilizing authorized initiatives that aim to sell their existing products by using information and communication technologies, such as teleconferencing, videoconferencing, computer conferencing, or audio conferencing, or any other remote communication technologies (hereinafter collectively referred to as *“Remote Selling Initiatives”*), such as, but not limited to, convenience, expanded territorial reach of sales personnel, cost efficiency of the sales process, and increased sales capacity;

WHEREAS, corollarily, it is a recognized policy of government to increase insurance penetration in the country to ensure financial protection especially during times of unforeseen crises and to promote financial inclusion;

WHEREAS, in view of the foregoing, this Commission finds the need to institutionalize Remote Selling as a permanent mode of selling insurance products to the public even after the COVID-19 pandemic;

NOW, THEREFORE, in accordance with the undersigned’s powers under Section 437 of the Insurance Code of the Philippines, as amended by Republic Act No. 10607, the following guidelines are hereby adopted and promulgated, to wit:

1. **Institutionalization of Remote Selling Initiatives.** – Life and non-life insurance companies are hereby allowed to utilize Remote Selling Initiatives in the sale of their products, regardless of amount of premium payable on the policy sold¹.
2. **Geographical Limitation.** – Insurers shall only insure persons and/or risks situated within the Philippines. Remote Selling Initiatives may not be utilized in cross-border selling. Accordingly, insurers shall adopt measures to ensure that no cross-border selling shall occur at the time of conduct of the sale.

¹ This amends Section II of CL No. 15-2007 dated 7 August 2007, which provides that:

“In case of telemarketing, selling of insurance products via Short Message Sending (SMS) and direct marketing through mail and publication by print, radio or television, there shall be no need to meet face-to-face with the client, provided, however, that the premium payable on the policy shall be minimal. ‘Minimal premium’ shall mean an annual premium not exceeding Fifty Thousand Pesos (Php50,000.00), or single premium not over One Hundred Twenty-Five Thousand Pesos (Php125,000.00).”


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3. **Compliance with AML Requirements.** – Insurers and their sales personnel shall ensure that any and all anti-money laundering (“AML”) requirements (e.g., Know Your Customer [‘KYC’] and Customer Due Diligence [‘CDD’] requirements) under applicable laws, circular letters, and rules and regulations issued by this Commission are observed at all stages of the sale utilizing Remote Selling Initiatives.
4. **Clear Copies of Application Documents.** – Insurers and their sales personnel shall ensure that all insurance application documents submitted are clear and readable. Special focus shall be given to the signatures appearing on the forms in terms of genuineness, clarity, and consistency with that appearing on the identification documents submitted by the applicants or customers.
5. **Quality of Sales Process.** – Remote Selling Initiatives adopted by insurers shall likewise ensure that the sales proposal and illustrations are thoroughly presented, explained, and discussed to the satisfactory understanding of the prospective customers.
6. **Quality of Sale Validation.** – Insurers shall institute post-selling quality control mechanisms to ensure that sales conducted through Remote Selling Initiatives were conducted in accordance with the companies’ standards and that the policyholder understood the features, terms and conditions, and benefits provided by the products sold.
7. **Breach of Market Conduct Guidelines.** – Remote Selling shall be subject to the same rules and regulations as applicable to “face-to-face” selling, as well as to the associated penalties in case of violation of or non-compliance with the provisions of the Insurance Code of the Philippines, as amended by Republic Act No. 10607, and all pertinent issuances of this Commission.
8. **Recall or Amendment of Remote Selling Initiatives.** – The Commission shall require an insurer to recall or amend its Remote Selling Initiatives if, after examination, it shall find a violation of or non-compliance with any provision of law, circular letter/s, and/or existing rules and regulations. Said order to recall or amend such Initiatives shall be without prejudice to the imposition of applicable penalties and/or other administrative sanctions for the violation of such provision of law, circular letter/s, and/or existing rules and regulations.
9. **Separability Clause.** – If any provision of this Circular Letter shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.
10. **Effectivity.** – This Circular Letter shall take effect immediately.

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DENNIS B. FUNA
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