

## XV. GUIDELINES IN THE EVALUATION AND APPROVAL OF ACCIDENT AND HEALTH INSURANCE PLANS/RIDERS

The policy must substantially contain the following:

**A. POLICY DATA** – these include the blank spaces with corresponding heading for:

1. **Particulars of the Insured/Assured**
2. **Beneficiaries – *Irrevocable/Revocable***
3. **Effective Date**
4. **Expiry/Termination Date**
5. **Premium Rates and Charges**
6. **Attachments to the Policy**

### **B. SCOPE OF COVERAGE & LIMITATIONS**

1. **Insuring Clause** - This shall state in clear and plain language that the Insurer shall, subject to the terms, conditions and limitations provided in the policy, pay the benefit(s) specified in the policy if the Insured, during the period of insurance, shall sustain accidental bodily injury which within one hundred eighty (180) days from the date of accident results in loss(es) covered by the policy.

If the policy also covers sickness, the Insuring Clause shall include the following statement:

“and/or if the Insured shall contract sickness during the effectivity of the policy which shall result in his/her hospitalization and/or avilment of medical/surgical services.”

2. **Schedule of Benefits** - Incorporate the requirements under Circular Letter Nos. 19-95 and 23-95 re: Termination of Accident Contracts.
3. **Definition of Terms** - If “loss” shall include “loss of use” it must be so stated.

#### **4. Exclusions**

- a. “Unprovoked assault” shall be included in the coverage. It may be excluded provided justification (e.g. adjustment in premium) is submitted;
- b. “drug” may be excluded if qualified as “unprescribed”.

### **C. GENERAL PROVISIONS**

#### **1. Entire Contract/Changes in Policy**

The policy together with the endorsements, if any, certificate of insurance and the application, rider, clause, warranty or endorsement purporting to be part of the contract of insurance and which is pasted or attached to the Policy is not binding on the Insured, unless the descriptive title or name of the rider, clause, warranty or endorsement is also mentioned and written on blank spaces provided in the policy. Unless applied for by the Insured, any rider, clause, warranty or endorsement issued after the original policy shall be countersigned by the Insured, which countersignature shall be taken as his agreement to the contents of such rider, clause, warranty or endorsement.

#### **2. Premium Payment**

The Policy shall not be valid and binding unless and until the premium therefor has been paid.

#### **3. Grace Period**

A grace period of thirty-one (31) days will be granted for the payment of each premium falling due after the first premium, during which time the Policy shall be continued in force unless the Policy has been cancelled in accordance with the provisions of the Policy. However, if the loss occurs within the grace period, any premium then due and unpaid will be deducted in settlement.

#### **4. Renewal Clause**

Unless the company at least forty-five (45) days in advance of the end of the policy period mails or delivers to the Insured at the address shown in the policy, certificate of insurance or application, notice of its intention not to renew the policy or the certificate of insurance or to condition its renewal upon reduction of limits or elimination of coverages, the Insured shall be entitled to renew the policy or the certificate of insurance upon payment of the premium due on the effective date of renewal.

## **5. Cancellation Clause**

The policy shall not be cancelled by the Company except upon prior notice thereof to the Insured, and no notice of cancellation shall be effective unless it is based on occurrence, after the effective date of the policy, of one or more of the following:

- a. non-payment of premiums;
- b. conviction of crime arising out of acts increasing the hazard insured against;
- c. discovery of fraud or material misrepresentation;
- d. discovery of willful or reckless acts or omissions increasing the hazard insured against;
- e. a determination by the Commissioner that the continuation of the policy would violate or would place the Company in violation of the Insurance Code.

All notices of cancellation shall be in writing, mailed or delivered to the Insured at the address shown in the policy, or application, and shall state (a) which of the grounds set forth in this provision is relied upon and (b) that, upon written request of the Insured, the Company will furnish the facts on which the cancellation is based.

In the event of such cancellation, the Company shall refund the paid premiums less the earned portion thereof to the Insured. Likewise, if the Insured cancels the policy, notice of which must be in writing, the Company shall retain the earned premium for the time the policy has been in force, computed in accordance with the Short Period Rate Scale indicated below:

SHORT PERIOD RATE SCALE  
(Specify the rate here)

## **6. Termination of Policy**

The policy will terminate on the earliest of the following dates:

- a. the first premium due date on which no person occupies the status of Insured.
- b. on the expiration of the grace period for any premium not paid when due
- c. on the latest of expiration of coverage of all Insured(s) when applicable.

**7. Notice of Claim**

Written notice of claim must be given to the Company within thirty (30) days after the date of accident causing the loss covered by the policy, or soon thereafter as is reasonably possible. In the event of accidental death, immediate notice thereof must be given to the Company.

**8. Sufficiency of Notice**

Written notice of claim given by or in behalf of the Insured or Beneficiary, to the Company or to any authorized representative of the Company, with information sufficient to identify the Insured, shall be deemed to be notice to the Company.

**9. Claim Forms**

The Company upon receipt of a notice of claim, will furnish to the claimant such forms as are usually required by the Company for filing proofs of loss. If such forms are not so furnished by the Company within fifteen (15) days after its receipt of such notice, the claimant shall be deemed to have complied with the requirements of the Policy as to proof of loss upon submitting, within the time fixed in the policy for filing proofs of loss, written proof covering the occurrence, character and extent of the loss for which claim is made. All certificates, information and evidence, other than the usual claim forms, which the Company may reasonably require in support of a claim shall be furnished by the Insured.

**10. Proof of Loss**

Completed claim forms and written proof of loss must be furnished to the Company within ninety (90) days after the date of such loss. Failure to furnish such proof within the time required shall not invalidate nor reduce any claim if it was not reasonably possible to give proof within such time.

### **11. When Claim Payable**

The amount of any loss for which the Company may be liable under the Policy, shall be paid within thirty (30) days after proof of loss is received by the Company and ascertainment of the loss is made by the agreement between the Insured and the Company or by arbitration; but if such ascertainment is not had or made within sixty (60) days after such receipt by the Company of the proof of loss, then the loss shall be paid within ninety (90) days after such receipt. Refusal or failure to pay the loss within the time prescribed herein will entitle the Insured to collect interest on the proceeds of the policy for the duration of the delay at the rate of twice the ceiling prescribed by the Monetary Board, unless such refusal or failure to pay is based on the ground that the claim is fraudulent.

### **12. To whom Payable**

Indemnity for loss of life of the Insured is payable to the Beneficiary, if surviving the Insured, otherwise, to the estate of the Insured. All other indemnities are payable to the Insured.

### **13. Legal Action Clause**

Unless the claim has been rejected, no legal action may be filed before the end of sixty (60) days after proof of loss has been filed in accordance with the applicable provisions of the Policy. In any event, no legal action may be filed after one (1) year from the time the claim is denied or decided.

### **14. Civil Code article Waiver Clause**

It is hereby declared and agreed that the provisions of Article 1250 of the Civil Code of the Philippines (R.A. No. 386) which reads:

“in case an extraordinary inflation or deflation of the currency stipulated should supervene, the value of the currency at the time of the establishment of the obligation shall be the basis of payment. . .”

shall not apply in determining the extent of liability under the provisions of the policy.

**15. Consent of Beneficiary**

Unless irrevocably designated, consent of the Beneficiary shall not be requisite to change of beneficiary or assignment of the policy or to any other change in the policy.

**16. Assignment of Policy/Change of Beneficiary**

No assignment of interest under the policy shall be binding upon the Company unless and until the original or a duplicate thereof is filed with the Company. The Company does not assume any responsibility for the validity of any assignment. No change of beneficiary under the policy shall bind the Company unless consent thereto is formally endorsed by the authorized agent of the Company.

**17. Physical/Medical Examination and Autopsy**

The Company shall have the right and opportunity to examine the person of the Insured when and as often as it may reasonably require during the pendency of claim hereunder, and the right and opportunity to make an autopsy in case of death, where it is not forbidden by law.

**18. Change of Occupation**

If the Insured sustains a loss after having changed occupation to one classified by the Company as more hazardous than that stated in the Application, or while doing, for compensation, anything pertaining to an occupation so classified, the Company will pay only such portion of the indemnities provided in the policy as the premium paid would have purchased at the rates and within the limits fixed by the Company for such more hazardous occupation.

If the Insured changes occupation to one classified by the Company as less hazardous than that stated in the application, the Company, upon receipt of proof of such change of occupation, will reduce the premium rate accordingly, and will return the excess prorata unearned premium from the date of change of occupation, or from the policy anniversary date immediately preceding receipt of such proof, whichever is more recent.

In applying this provision, the classification of occupation and premium rates shall be such as existing as of the date the policy was first issued or, if there has been renewal of the policy, as of the date it was last renewed, whichever is applicable.

### **19. Age Limitation**

If at the effective date of the Policy, the age of the Insured at nearest birthday is more than \_\_\_\_\_ years, the Policy is void and the Company shall be liable only for the return of premiums actually paid on it.

### **20. Misstatement of Age**

If the age of the Insured has been misstated, all amounts payable under the Policy shall be such as the premium paid would have purchased at the correct age. If according to the correct age of the Insured, the coverage provided by the Policy would not have become effective, or would have ceased prior to the acceptance of such premium(s), then the liability of the Company during the period the Insured is not eligible for coverage shall be limited to the refund, of all premiums paid for the period not covered by the policy.

### **21. Reinstatement**

When the Policy terminates by reason of non-payment of premium, any subsequent acceptance of a premium shall constitute reinstatement of the Policy but shall only cover loss resulting from injury/sickness sustained after the date of such reinstatement.

*Note:*

*The foregoing provisions apply to individual accident/health plans.*

- *For **group** accident/health plans, use appropriate terminologies, e.g. "Policyholder", "Named Insured", etc.*
- *For accident/health **riders**, effect the necessary revisions.*