

GUIDELINES RELATIVE TO PRODUCTS APPROVAL

I. Policy Provisions

1. *Suicide*

The text of Suicide Provision as provided in Circular Letter 14-93CL re Standard Life Insurance Provisions shall be revised to read as follows:

“ The company will not be liable if the Insured dies by suicide within two (2) years* after the effective date or date of last reinstatement of this policy; provided, however, that suicide committed in the state of insanity will be compensable regardless of the date of commission.

Where suicide is not compensable, the liability of the company will be limited to the return of premiums.”

**company may provide for less than two (2) years but not longer than the contestable period.*

2. *Lapsation*

“If any premium is not paid by the end of the 31-day grace period, this Policy will lapse and all its benefits, except those mentioned in the Non-forfeiture provisions will end.”

(This was inadvertently omitted from Circular Letter 14-93CL re: Standard Life Insurance Provisions.)

3. *Limitation of Action*

The venue of legal action on the Policy must not be limited to the place of issue of contract.

II. Dividend Requirements under Participating Plans

1. There shall be no utilization of *Dividend Accumulations* unless requested/authorized by the applicant/policyowner.

a. Application Form

Prior consent of authorization from applicant regarding the utilization of dividend accumulation in case of application of premium default option must be taken.

b. Policy Contract

b.1. Utilization/non-utilization of dividend accumulations must be incorporated in the following provisions:

1. Premium Loan / Policy Loan
2. Non-Forfeiture Options
 - Cash Surrender
 - RPU
 - ETI

b.2. In case of non-utilization of dividend, any unused dividend accumulation shall be paid to the policyowner upon election of any of the Non-forfeiture Options.

2. The Policy Loan provision must contain the following:

- a. The maximum loanable amount must be the tabular cash value plus cash value of any paid-up additions.
- b. The policy shall terminate whenever the loan exceeds the tabular cash value plus cash value of paid-up additions.

III. Foreign Currency Denominated Insurance Policies (Circular Letter No. 9-97 dated September 24, 1997)

1. Policy benefits and claims shall be payable in the currency of the insurance policy issued. However, payment may be made in another currency subject to the agreement between the claimant and the insurance company.

2. Premiums shall be billed in the same currency as the policy issued. However, payment may be made in another currency subject to the agreement between the policyowner and the insurance company.

IV. Premium Deposit Fund (PDF) Rider

Conditions and Limitations

1. The fund shall be used for payment of any unpaid premiums under the policy including any riders.
2. The accumulated fund shall not exceed the total future premium payments under the policy.
3. There shall be minimum guaranteed interest rate to be used in accumulating the fund.
4. Partial or full withdrawal from the fund shall be allowed.
5. A status report shall be issued to the policyowner at least annually.
6. Benefit Illustration Interest Rates must follow the 3-tier interest rate under CL No. 23-2005 re: Guidelines on Sales Illustrations of Life Insurance Proposals.
7. Sales Promotions literature and contract forms must not in any way create the impression that such fund is the same as savings account in a banking or savings institution and use of passbook which bear any resemblance to savings bank passbooks or similar items is prohibited.

V. Contingency Fund Rider

Subject to PDF's conditions and limitations except for the following:

1. The name of rider shall be other than "PDF".
2. The fund utilization shall not be limited to premium payments but also for policy enhancements, etc.
3. The total deposits in the fund may exceed total future premiums.
4. The word "contribution" shall be used in place of "deposit".

VI. Lien Endorsement

For substandard risk, life companies may issue a policy at standard rates with a lien against it provided:

1. the list of specific risks to be excluded shall be indicated in the endorsement or letter request to Insurance Commission;
2. the period of lien shall be limited only to the specified actual period of exposure of risk and such period shall not be extended to the term of the policy;
3. the insured shall be informed of the lien conditions and accept the same before issuance of policy; and
4. the insured shall have the right to request the company at anytime to terminate the endorsement subject to its approval.

VII. Riders

1. The term of the rider attached to a basic policy shall not exceed that of the basic policy (i.e., the rider must terminate whenever the basic policy to which it is attached terminates).
2. Accident/health rider attached to a basic life policy cannot be terminated at the option of the life insurance company.
3. "Other than life" riders (e.g. health / hospitalization insurance) may provide for non-guaranteed renewal premium rates.

VIII. Rider, Endorsement, Clause etc.

Unless applied for by the Insured / Owner, any rider, endorsement, etc., issued after the original policy shall be countersigned by the Insured / Owner (Sec. 50 of the Insurance Code).

IX. Term Plans

Term plans with durations of at least 20 years (e.g. Term to 65 plan for issue ages 45 and below), shall provide for non-forfeiture values which may be in the form of cash values only.

Such cash values need not be available for loans.

X. Policy Loan and Interest Thereon

1. A life company may defer payment of policy loan to its policyholders for a period not exceeding six months after the application therefor is made unless the loan is to be applied to the payment of premiums due;
2. The maximum interest rates on policy loans presently allowed are 12% p.a. and 16% p.a. for non-participating and participating policies, respectively. For dollar policies, the maximum policy loan interest rate is 10% p.a.

XI. Deficiency Reserves

Whenever the net valuation premium exceeds the gross premium, the company shall set up deficiency reserves. However, this may be allowed for riders provided the aggregate net valuation premium of the packaged plan shall not exceed the aggregate gross premium.

For basic plans, gross premiums shall at least be equal to the net valuation premiums to avoid setting up of deficiency reserves.

XII-A. Minimum Cash Values for Peso-Denominated Plans & Riders

(see attached table)

XII-B. Minimum Cash Values for Dollar-Denominated Plans & Riders

(see attached table)

XIII. Group Permanent Plans

1. If the group permanent policy is discontinued or is terminated by the policyholder, it may be surrendered to the company for the total cash surrender value accruing to the insurance coverage of all insured members. In the case of contributory plans, where the insured members pay part of the insurance premiums, the pro-rata amount of their total cash surrender value corresponding to the premiums contributed by them should be distributed to them in cash unless the paid-up option is elected by the members.

2. If an individual insurance of insured member is terminated but the group policy continues to be in force, then any cash surrender value accruing to his insurance coverage shall be payable to the policyholder. In the case of contributory plans, the insured member has the option to either get his pro-rata share of the cash surrender value or to apply such amount to purchase paid-up insurance.

XIV. Group Creditor Life Plans

In the event of death of the borrower, the insurer shall pay proceeds to the creditor up to the extent of the outstanding loan/indebtedness of the borrower and the balance, if any, to the designated beneficiaries.

XV. Experience Refund under Group Life Policy

If included in the policy provision, the company shall provide a statement to the effect that if the contributions from the insured individuals are required, the policyholder shall share the amount of experience refund in excess of the policyholder's cost of insurance in an equitable manner.

XVI. Guidelines in the Evaluation & Approval of Accident & Health Insurance Plans/Riders

(see attached)

XII-A. Minimum Cash Values for Peso-denominated Plans & Riders

<i>End of Policy Year</i>	<i>Regular Pay</i>	<i>Limited Premium Paying Period</i>					
		Single Pay or 1 Year	2 Years	3-4 Years	5-9 Years	10-19 Years	20 Years
1st Year	0	Minimum CV*	50% Reserves	30% Reserves	0	0	0
2nd Year	0	Minimum CV*	Minimum CV*	50% Reserves	30% Reserves	20% Reserves	0
3rd Year & Above	Minimum Cash Value (CV)*	Minimum CV*	Minimum CV*	Minimum CV*	Minimum CV*	Minimum CV*	Minimum CV*

**Reserves less Surrender Charge of 20% of Reserves or 25 per 1000 of Face Amount.*

XII-B. Minimum Cash Values for Dollar-denominated Plans & Riders

<i>End of Policy Year</i>	<i>Regular Pay</i>	<i>Limited Premium Paying Period</i>					
		Single Pay or 1 Year	2 Years	3-4 Years	5-9 Years	10-19 Years	20 Years
1st Year	0	Minimum CV*	50% Reserves	30% Reserves	0	0	0
2nd Year	0	Minimum CV*	Minimum CV*	50% Reserves	30% Reserves	20% Reserves	0
3rd Year & Above	Minimum Cash Value (CV)*	Minimum CV*	Minimum CV*	Minimum CV*	Minimum CV*	Minimum CV*	Minimum CV*

**Reserves less Surrender Charge of 20% of Reserves or 25 per 1000 of Face Amount, whichever is lower.*

