



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



Circular Letter No.:	2016-53
Date:	07 September 2016
Supplements:	CL 2016-40 and CL 2015-20

CIRCULAR LETTER

TO : ALL INSURANCE COMPANIES ENGAGING OR INTENDING TO ENGAGE IN BANCASSURANCE ACTIVITIES

SUBJECT : AFFILIATION IN A FINANCIAL CONGLOMERATE AS A CONDITION PRECEDENT TO THE GRANTING OF CERTIFICATE OF AUTHORITY TO ENGAGE IN BANCASSURANCE ACTIVITIES

Pursuant to the powers vested in the Insurance Commissioner by Sections 437 (d) and (p) of The Insurance Code, as amended by Republic Act No. 10607, to lessen exposure to investment risks, the following **Supplemental Rules and Regulations on Bancassurance** are hereby adopted:

Section 1. **Scope.** – All insurance companies engaging or intending to engage in bancassurance activities.

Section 2. **Definition.** – A **financial conglomerate** refers to “a group of interrelated entities providing significant services in at least two (2) different financial sectors (banking, securities and insurance)” pursuant to Bangko Sentral ng Pilipinas (BSP) Circular No. 844, Section 1 (2) (b).

Section 3. **Condition Precedent.** – No Certificate of Authority to engage in bancassurance activities shall be granted in favor of an insurance company unless it is part of a financial conglomerate as determined by the BSP in accordance with the provisions under 3rd paragraph of Section 7 of BSP Circular No. 844 which provides that “the BSP should be satisfied that the bank and the financial product provider belong to

the same financial conglomerate, as applicable, before cross-selling arrangements may be allowed.”¹.

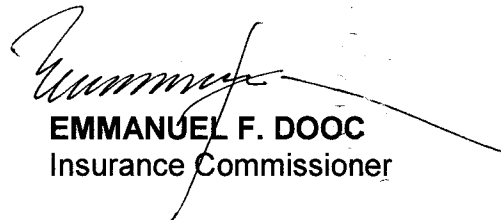
Thus, before any collective investment scheme (CIS) product (i.e. mutual funds, unit investment trust funds or variable unit-linked life insurance policies) may be cross-sold, the insurance company and the bank must belong to the same financial conglomerate.

Section 4. Transitory Provision. – All Certificate/s of Authority to engage in bancassurance activities previously issued in favor of insurance companies which are not part of a financial conglomerate are required to comply with this Circular within one (1) year from the date of effectivity otherwise, such authority shall be considered revoked.

Section 5. Repealing Clause. – All existing rules and regulations on bancassurance inconsistent herewith are deemed repealed.

Section 6. Effectivity. – This Circular takes effect immediately.

For strict compliance.



EMMANUEL F. DOOC
Insurance Commissioner

¹ Previously, under Subsection X172.7 of BSP circular No. 801, dated June 27, 2013, the “BSP should be satisfied that the bank and the financial product provider belong to a financial conglomerate before cross-selling arrangement may be allowed.”