



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



Circular Letter No.	2016-54
Date	09 September 2016
Supersedes	NONE

CIRCULAR LETTER

TO : ALL LIFE INSURANCE COMPANIES DOING BUSINESS IN THE PHILIPPINES

SUBJECT : CREATION AND ADMINISTRATION OF A MEDICAL INFORMATION DATABASE ("MID")

WHEREAS, life insurance is a contract of utmost good faith, where the insurer relies heavily on the declarations and representations of the applicant or existing policyholder in order to properly assess the risks of the applicant or policyholder's insurability;

WHEREAS, the insurer needs protection against anti-selection and fraud concomitant with concealment of material information and/or misrepresentation of the applicant or policyholder;

WHEREAS, an insurer's ability to gather all relevant information allows it to accurately and appropriately classify the level of risk presented by an applicant or policyholder to prevent fraud;

WHEREAS, under Section 251 of Republic Act No. 10607 ("Amended Insurance Code"), it is unlawful to (1) present or cause to present any fraudulent claim for the payment of a loss under a contract of insurance; and (2) fraudulently prepare, make, or subscribe any writing with intent to present or use the same or allow it to be presented in support of any such claim.

WHEREAS, the exchange of medical information by and among life insurance companies serves as a deterrent to fraud and/or misrepresentation, and ultimately benefits the insuring public;

WHEREAS, Section 13 of Republic Act No. 10173 ("Data Privacy Act of 2012") provides that processing of "*sensitive personal information*," as defined in Section 3(l) of the same law, shall be prohibited except in certain cases provided by law;

WHEREAS, Section 13 (a) and (b) of the Data Privacy Act of 2012 are among the cases excepted, viz:

"(a) The data subject has given his or her consent, specific to the purpose prior to the processing, or in the case of privileged information, all parties to the exchange have given their consent prior to processing;

"(b) The processing of the same is provided for by existing laws and regulations: Provided, That such regulatory enactments guarantee the protection of the sensitive personal information and the privileged information: Provided, further, That the consent of the data subjects are not required by law or regulation permitting the processing of the sensitive personal information or the privileged information;"

WHEREAS, this Commission notes that prior to the passage of data privacy legislation in the Philippines, life insurance companies have already shared medical information among themselves through an existing Medical Information Bureau (MIB) administered by the Philippine Life Insurance Association (PLIA) in order to detect and deter fraud that may occur in the course of obtaining life, health, disability income, critical illness and long-term care insurance;

AND WHEREAS, this Commission has observed that such cooperative effort provided for a cost-effective way for insurance companies to determine if medical statements on applications are accurate and complete, which has redounded to the benefit of the insuring public;

NOW, THEREFORE, pursuant to the power of the Insurance Commissioner under Section 437 of the Amended Insurance Code to "*issue x x x circulars x x x as may be deemed necessary to secure the enforcement of the provisions of this Code, to ensure the efficient regulation of the insurance industry in accordance with global best practices and to protect the insuring public*", the following rules and regulations pertaining to the exchange of medical information by and among life insurance companies are hereby promulgated:

1. **Creation of the Medical Information Database (MID).** – Life insurance companies, as part of due diligence in their risk assessment process, without need of obtaining the consent of the data subjects concerned, shall share among themselves all medical information gathered from declarations made on company forms; those secured from medical examinations conducted on the insured applicant or policyholder; or those sourced from records of medical service providers from which the insured applicant or policyholder may have sought care. Such information gathered shall be compiled in a database, hereinafter referred to as the Medical Information Database (MID).

All life insurance companies are mandated to upload to the MID all pertinent medical information of all their existing policyholders and insured.

2. **Disclosure to Applicants or Policyholders.** – All insurance companies are required to include the following disclosure statement in its application form for life insurance within one (1) year from the date of the effectivity of this Circular Letter, to wit:

***“DISCLOSURE: In accordance with the Insurance Commission’s Circular Letter No. 2016-54, your medical information will be uploaded to a Medical Information Database accessible to life insurance companies for the purpose of enhancing risk assessment and preventing fraud.*”**

Once uploaded, all life insurance companies will only have limited access to your information in order to protect your right to privacy in accordance with law.

A copy of Circular Letter No. 2016-54 may be accessed at the Insurance Commission’s website at www.insurance.gov.ph.”

3. **Purpose.** – The exchange of medical information shall be for the specific purpose of risk assessment; for the prevention of fraud, concealment, and misrepresentation; and shall not be used for unrelated purposes.
4. **Rights Under the Data Privacy Act of 2012.** – Life insurance companies shall ensure that the rights of the applicants or policyholders as data subjects as declared under Chapter V of the Data Privacy Act of 2012 are respected and observed; and that any violation of such rights shall be dealt with appropriately in accordance with law.
5. **Access to Database.** – Life insurance companies shall ensure that access to the MID shall be limited to employees directly involved in risk assessment functions; and that any unauthorized and/or unlawful access to the MID shall be dealt with appropriately in accordance with law.
6. **Measures Against Unlawful Processing.** – Life insurance companies shall implement reasonable and appropriate organizational, physical, and technical measures intended for the protection of “*sensitive personal information*”, as defined under the Data Privacy Act of 2012, against accidental or unlawful destruction, alteration, and disclosure, as well as against any other unlawful processing. These measures shall conform to the statutory requirements under Chapter V of the Data Privacy Act of 2012.
7. **PLIA as Administrator.** – The Philippine Life Insurance Association, Inc. (“PLIA”) shall serve as Administrator of the MID, and shall issue guidelines within thirty (30) days from the date of the effectivity of this Circular to ensure the MID’s compliance with the Data Privacy Act of 2012. The PLIA shall likewise

ensure that appropriate information security and data privacy standards are put in place in the use of the MID to guarantee the protection of the "sensitive personal information" and/or privileged information of the applicants and/or policyholders. The guidelines shall be subject to approval by the Insurance Commissioner.


8. **Existing Data.** – Existing data collected by the MIB as of the date of effectivity of this Circular shall be uploaded to the MID. Life insurance companies that have access to said existing data are authorized to continue processing the same without need of obtaining consent from the concerned data subjects; *Provided, that,* upon processing, said companies shall send the following disclosure statement to the last known address of the concerned data subjects, to wit:

"DISCLOSURE: Prior to the passage of data privacy legislation in the Philippines, particularly Republic Act No. 10173, otherwise known as the "Data Privacy Act of 2012", life insurance companies have already shared medical information, including yours, among themselves through an existing Medical Information Bureau (MIB) administered by the Philippine Life Insurance Association (PLIA). The sharing of medical information was done in order to enhance risk assessment and prevent fraud.

In accordance with the Insurance Commission's Circular Letter No. 2016-54, your medical information previously collected by the MIB will be uploaded to a Medical Information Database (MID) accessible to life insurance companies. Once uploaded, all life insurance companies shall have limited access to your information in order to protect your right to privacy in accordance with law.

A copy of Circular Letter No. 2016-54 may be accessed at the Insurance Commission's website at www.insurance.gov.ph.

9. **Separability Clause.** – If any provision or part of this Circular Letter is held invalid or unconstitutional, the remainder of the same or the provision/s not otherwise affected shall remain valid and subsisting.
10. **Effectivity Clause.** – This Circular Letter shall take effect immediately.


EMMANUEL F. DOOC
Insurance Commissioner