



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



Circular Letter (CL) No.	2016-61
Date:	16 November 2016
Supplements	IC CL 2014-15 on the schedule of Fees and Charges

CIRCULAR LETTER

TO : ALL INSURANCE COMPANIES AND INSURANCE BROKERS

SUBJECT : GUIDELINES DEFINING THE ENGAGEMENT OF TELEMARKETING SERVICES BY INSURANCE COMPANIES, INSURANCE BROKERS, AND GENERAL AGENCIES, AS WELL AS ENUMERATING THE REQUIREMENTS THEREFOR

WHEREAS, this Commission recognizes that the business of telemarketing offers insurance companies an additional platform to increase market penetration and expand public awareness of insurance products;

WHEREAS, by using telemarketing platform of offering insurance products to the public the insurance companies may acquire immediate feedback from prospective customers that may be valuable to enhance their customer service and product offerings. It is also a means by which they can immediately follow up with existing customers and keep them interested to new offers and services which can potentially increase overall sales;

WHEREAS, insurance products are introduced, presented, and sold by insurance companies thru intermediaries such as agents and brokers;

WHEREAS, Section 307 of the Insurance Code, as amended by R.A. 10607 states that "no person shall act as an insurance agent or as an insurance broker in the solicitation or procurement of applications for insurance, or receive for services in obtaining insurance, any commission or other compensation from any insurance

company doing business in the Philippines, or any agent thereof, without first procuring a license so to act from the Commissioner”;

WHEREAS, there is a need to establish the minimum standards to regulate the engagement by insurance companies and insurance brokers of the telemarketing platform;

NOW, WHEREFORE, pursuant to the powers vested in the Insurance Commissioner by Sections 193, and 437 of the Insurance Code, as amended by Republic Act No. 10607, the following **Guidelines Defining the Engagement of Telemarketing Services by Insurance Companies, Insurance Brokers, and General Agencies, as well as Enumerating the Requirements Therefor**, are hereby adopted and promulgated:

SECTION I. Title

These Guidelines shall be referred to as the “Guidelines in Defining the Engagement of Telemarketing Services by Insurance Companies, Insurance Brokers, and General Agencies, as well as Enumerating the Requirements Therefor.”

SECTION II. Definition of Terms

As used herein, and unless the context otherwise requires, the following terms have the respective meanings hereinafter set forth or indicated:

- a) **Commission** – shall be referred to as the Insurance Commission;
- b) **Telemarketing** - the marketing of goods or services by means of telephone calls, typically unsolicited, to potential customers. This is a method of direct marketing in which a salesperson solicits prospective customers to buy products or services, either over the phone or through a subsequent face to face or web conferencing appointment scheduled during the call. Telemarketing can also include recorded sales pitches programmed to be played over the phone via automatic dialing.
- c) **Telemarketer** – One who:
 - i. Solicits donations or orders for goods or services over the telephone;
 - ii. Delivers prepared sales talks, reading from scripts that describe products or services, to persuade potential customers to purchase a product or service or to make a donation.
- d) **Insurance Product** – refers to the promise or guarantee of insurance company, in exchange of the payment of premium, to indemnify another against loss, damage, or liability arising from an unknown or contingent event and shall include life, non-life, and variable life insurance products.
- e) **Insurance Agent** - defined in Section 309 of the Insurance Code, as amended by R.A. 10607, as any person who for compensation solicits or obtains insurance on behalf of any insurance company or transmits

for a person other than himself an application for a policy or contract of insurance to or from such company or offers or assumes to act in the negotiating of such insurance.

- f) **Insurance Broker** - defined in Section 310 of the Insurance Code, as amended by R.A. No. 10607, as any person who for any compensation, commission or other thing of value acts or aids in any manner in soliciting, negotiating or procuring the making of any insurance contract or in placing risk or taking out insurance, on behalf of an insured other than himself.
- g) **Soliciting Official** - a person responsible in overseeing the daily operations and the sales and business development of the brokerage and/or agency. He shall also be responsible in ensuring that all deals are compliant with existing groups and regulatory policies.

SECTION III. Documentary Requirements

The Licensing Division shall recommend the approval of the telemarketing arrangement or agreement. Only after approval thereof shall the insurance company or insurance broker engage in the telemarketing of insurance product/s. Any and all amendments related to the telemarketing arrangement or agreement, telemarketing spiel or script, and telemarketing employment contract shall be similarly submitted to the Commission for approval.

The following are the documentary requirements:

- a) A letter of intent to engage in telemarketing of insurance products or employ the services of telemarketers, duly signed by the President of the company, addressed to the Insurance Commissioner, together with the payment of a fee in the amount of Twenty-Five Thousand Two Hundred-Fifty Pesos (P25,250.00) inclusive of legal research fee;
- b) Telemarketing arrangements/agreements between insurance company or broker and the telemarketing company;
- c) Copy of the outbound telemarketing insurance product script or spiel; and,
- d) Such other documents as may be required by the Commission.

The fee aforesated shall only be payable once. Subsequent amendments to the telemarketing arrangement or agreement and spiels or script shall not be subject to the payment of any other fees.

SECTION IV. Mandatory Provisions of the Telemarketing Arrangements or Agreements

The telemarketing arrangements or agreements shall contain, among others, the following provisions:

For both Insurance Companies and Insurance Brokers:

- a) That the insurance company and broker shall comply with all the requirements of the Commission regarding telemarketing of insurance products; and,
- b) That mechanisms are in place to address any complaints or grievances from the prospective customer;

For the Insurance Companies:

- c) Telemarketers engaged by insurance companies may or may not be licensed insurance agents by the Commission. Telemarketers who are duly licensed agents by the Commission may solicit and/or sell insurance product/s. However, telemarketers who are not duly licensed agents by the Commission shall only be allowed to conduct preliminary introduction and presentation of insurance product/s; and,
- d) Telemarketers engaged by the insurance companies which are also duly licensed agents of the Commission may receive appropriate commission for the sale of the insurance product/s.

For the Insurance Brokers:

- a) Telemarketers engaged by insurance brokers shall only be allowed to conduct preliminary introduction and presentation of insurance product/s;
- b) Product introduction and presentation does not include the solicitation and/or selling of any insurance product/s;
- c) Telemarketers engaged by insurance brokers are required to undergo appropriate training for the introduction and presentation of the insurance product/s;
- d) The soliciting official shall review the presentation made in the preliminary introduction and presentation of insurance product/s as conducted by the telemarketers to potential customers and if satisfied shall issue the approval with the insurance company. In conducting the said review, the soliciting official may utilize a report duly accomplished by the telemarketer or the recorded call itself; and,
- e) The telemarketers shall not receive any commission for the sale of the insurance product/s.

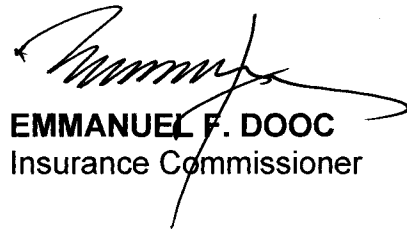
SECTION V. Contents of the Telemarketing Insurance Product Script or Spiel

The telemarketing insurance product spiel or script shall contain, among others, the following steps or processes:

- a) Introduction;
- b) Notice to the prospective client that the call is being recorded;
- c) Insurance product introduction and presentation;
- d) Confirmation of client's interest and information details; and,
- e) Mode of payment.

SECTION VI. Effectivity

All Insurance Companies, Insurance Brokers, and General Agencies who are currently engaged in telemarketing arrangements or agreements are given six (6) months from the effectivity of this Circular to comply with its requirements.



EMMANUEL F. DOOC
Insurance Commissioner