



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
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Circular Letter No. : 10-2011
Date : March 7, 2011

CIRCULAR LETTER

TO : All Accredited Insurance Providers of Compulsory Insurance
Coverage for Migrant Workers Under RA 10022

SUBJECT : Liberalization of Premium Rates and Strict Implementation of
Reserve Requirements

Considering the collective experience of the participating insurance providers concerning such attendant risk factors as host country destinations, age, health, and nature of work of OFWs, the Commission has decided to leave the determination of premium rate to the sound business decision of the insurance providers based on prudent underwriting principles and practices. However, the reserve requirements from which the claims fund shall be drawn shall not be sacrificed for this more liberal regulation. Hence, the requirement to maintain at all times the herein prescribed minimum reserves computation (Annex "A") shall be strictly implemented.

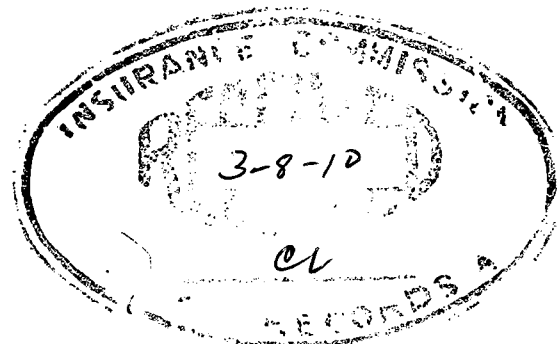
It is understood that for the purpose of computing the reserves, the basis shall still be the rate of Seventy-Two (\$72.00) and One Hundred US Dollars (\$100.00) for the one-year coverage of land-based and sea-based workers, respectively or the Table of Premiums (Annex "B") for fractional parts thereof as prescribed under Circular Letter 35-2010 dated December 07, 2010 regardless of the amount of premium to be charged. In case a provider decides to charge a rate higher than the above, the higher premium shall be the basis of the reserves computation. In all cases, the reserve shall be the higher of the amount determined in Annex "A" and the statutory reserves.

Non-compliance with this Circular shall be dealt with in accordance with the provisions of the Insurance Code and the Insurance Guidelines.

This circular letter modifies Circular Letter 35-2010 dated December 07, 2010 and other circulars inconsistent herewith.


EMMANUEL F. DOOC
Insurance Commissioner





**Procedures for the Computation
of Reserves for OFW Compulsory Insurance Coverage**

Starting with the period ending **31 December 2010**, accredited insurance providers of the Compulsory Migrant Workers' Insurance under Republic Act 10022 shall compute the reserves as follows:

FORMULATIONS FOR TOTAL RESERVES FOR THE COMBINED LIFE AND NON-LIFE PRODUCT

A. For One-Year or Less than One-Year Term Certificates Issued in Year ZZ

Reserves as of 12/31/ZZ = 40% of the 1-Year Term or Less than 1-Year Term Premium multiplied by *the number of Certificates Issued during Year ZZ that are still in-force as of December 31, ZZ*

B. For Two-Year Term Certificates Issued in Year ZZ

Reserves as of 12/31/ZZ = The SUM of (i) 40% of the 1-Year Term Premium *and* (ii) 80% of the 1-Year Term Premium *multiplied by the number of certificates issued during the year ZZ that are still in-force as of December 31, ZZ*

Reserves as of 12/31/(ZZ+1) = 40% of the 1-Year Term Premium *multiplied by the number of certificates issued during year ZZ that are still in-force as of December 31, ZZ+1*

C. For Three-Year Term Certificates Issued in Year ZZ

Reserves as of 12/31/ZZ = The SUM of (i) 40% of the 1-Year Term Premium *and* (ii) 160% of the approved 1-Year Term Premium *multiplied by the number of certificates issued during the year ZZ that are still in-force as of December 31, ZZ*

Reserves as of 12/31/(ZZ+1) = the SUM of (i) 40% of the 1-Year Term Premium *and* (ii) 80% of the approved 1-Year Term Premium *multiplied by the number of certificates issued during the year ZZ that are still in-force as of December 31, ZZ+1*

Reserves as of 12/31/(ZZ+2) = 40% of the 1-Year Term Premium *multiplied by the number of certificates issued during year ZZ that are still in-force as of December 31, ZZ+2*



Provided that:

1. In no case shall the total reserves per certificate be lower than the following:

a.

ONE-YEAR TERM	End Of Year Reserves
Minimum Reserves for Sea-based	US \$ 40.00
Minimum Reserves for Land-based	US \$ 28.80

b.

TWO-YEAR TERM	End of Year Reserves, Year 1	End of Year Reserves, Year 2
Minimum Reserves for Sea-based	US \$ 120.00	US \$ 40.00
Minimum Reserves for Land-based	US \$ 86.40	US \$ 28.80

c.

THREE-YEAR TERM	End of Year Reserves, Year 1	End of Year Reserves, Year 2	End of Year Reserves, Year 3
Minimum Reserves for Sea-based	US \$ 200.00	US \$ 120.00	US \$ 40.00
Minimum Reserves for Land-based	US \$ 144.00	US \$ 86.40	US \$ 28.80

- d. For term of coverage of less than one (1) year, the reserves shall be computed proportionately using the reserve for one year term.

2. For partnering insurance companies, the life insurance company and its counterpart non-life insurance company shall each be required to do a valuation and maintain their respective reserves, computed in accordance with each company's share in the total premium charged for the certificates issued.

Tom Jones



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Annex B

Circular No. : 35-2010
Date : December 7, 2010.

**TO : ALL ACCREDITED INSURANCE PROVIDERS OF
COMPULSORY INSURANCE COVERAGE UNDER RA 10022**

**SUBJECT : STRICT IMPLEMENTATION OF THE PRESCRIBED
PREMIUM RATES**

All accredited insurance providers and insurance intermediaries are hereby enjoined to apply strictly the prescribed premium rates summarized in Annex A hereof. Further, the agent's commission for procuring the said coverage shall in no case exceed twenty per centum (20%) of the amount of the premiums therefor.

For violations of the prescribed rates, this Commission shall, after due notice and hearing, impose a fine of P500.00 per certificate per day and immediately revoke the accreditation and license issued to the insurance provider and/or the agent concerned.

For strict compliance.


VIDA T. CHIONG
Deputy Insurance Commissioner
Officer-In-Charge

Encls.: a/s

Annex "A"

INSURANCE COMMISSION

**TABLE OF PREMIUMS FOR THE
COMPULSORY INSURANCE COVERAGE FOR
AGENCY-HIRED MIGRANT WORKERS UNDER RA 10022**

Coverage Period	Gross Premium (US\$)	
	Land-based	Sea-based
1 month	6.80	9.45
2 months	13.60	18.90
3 months	20.40	28.35
4 months	27.20	37.80
5 months	34.00	47.25
6 months	40.80	56.70
7 months	42.00	58.33
8 months	48.00	66.67
9 months	54.00	75.00
10 months	60.00	83.33
11 months	66.00	91.67
1 year	72.00	100.00
2 years	144.00	200.00
n years	72 (n)	100 (n)

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