



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
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Tel. Nos. 59-92-21 to 25

June 28, 1993

INSURANCE MEMORANDUM CIRCULAR NO. 3-93

SUBJECT: Licensing of Insurance Agents and General Agents
TO : All Insurance Companies, Insurance Agents and
General Agents doing or intending to do business
in the Philippines

Pursuant to the authority granted to the undersigned by Sections 305 and 414 of the Insurance Code, the following rules and regulations are hereby promulgated:

1. DEFINITIONS

The definitions set forth hereunder shall govern the construction of the following terms used in this memorandum circular:

- a) The term "person" shall, unless the context otherwise requires, include any individual, partnership, association or corporation.
- b) The term "insurance agent" shall mean 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 negotiation of such insurance.
- c) The term "general agent" shall mean 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 negotiation of such insurance and empowered by such company to do such other acts and things for and on its behalf in the conduct of its business as specified in the general agency agreement executed by and between them.



✓ District Offices:

Luzon: Dagupan City

Visayas: Cebu City

Mindanao: Davao City

2. LICENSING REQUIREMENTS, LIMITATIONS

- 2.1 No insurance company, doing business in the Philippines, or any agent thereof, shall pay any commission or any compensation to any person for services in obtaining insurance unless such person shall have first procured from the Insurance Commissioner a license to act as an insurance agent or general agent.
- 2.2 No person shall act as insurance agent or general agent in the Philippines without first procuring a license so to act from the Insurance Commissioner. Such license shall be issued only if, upon written application of the person desiring it and payment of the corresponding fee therefor, such person is found qualified and not otherwise disqualified for such license. Such license shall be valid until midnight of the 30th day of June of the year following its issuance unless sooner revoked or suspended for cause, and may be renewed annually on the 1st day of January, or within six (6) months thereafter.
- 2.3 A license issued to a partnership, association or corporation to act as an insurance agent or general agent shall authorize only the individual or individuals named in the license. Exercise or attempted exercise of such authority by an individual not so named in the license, with the knowledge or consent of the licensee shall constitute cause for the revocation or suspension of the license.
- 2.4 No insurance company doing business in the Philippines, or any agent thereof, shall pay to any person licensed to act as insurance agent or general agent, nor shall such person receive any commission or other compensation for the insurance on his life or property or other interests appertaining thereto, unless such person has secured for or placed with the company at least an equal amount of outside business during the period covered by his license. This rule shall also apply in the case of a partnership, association or corporation licensed to act as insurance agent or general agent which obtains or procures insurance on the life or property, or other interests appertaining thereto of such partnership, association or corporation, or any of its partners, members or stockholders.
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- 2.5 No person shall be licensed to act as an insurance agent or general agent of more than one (1) life insurance company, and/or as general agent of more than one (1) non-life insurance company and as insurance agent of more than seven (7) other non-life insurance companies. No person licensed as an insurance agent or general agent shall be licensed as an insurance broker, nor shall a person licensed as an insurance broker be licensed as an insurance agent or general agent in the same kind of insurance business. The same limitation shall apply to the individual named in the license issued to a partnership, association or corporation to act as an insurance agent or general agent. No person, however, shall be licensed to act as general agent unless he has been licensed as an ordinary agent and actively engaged as such for at least one year.
- 2.6 No official or employee of an insurance brokerage or an adjustment company and no individual adjuster, shall be licensed to act as an insurance agent or general agent.
- 2.7 No employee with the rank of manager and above of an insurance company shall be licensed to act as its insurance agent or general agent.

3. QUALIFICATIONS

- 3.1 To qualify for a license to act as insurance agent or general agent, the applicant must -
- a) be a resident of the Philippines
 - b) be trustworthy
 - c) pass the written examination mentioned below, if not otherwise exempt from taking the same
- 3.2 In case the applicant is a partnership, association or corporation, such applicant must be domiciled in the Philippines and empowered under its articles of incorporation to transact the kind of business applied for. The individual to be named in the license applied for must also possess the above qualifications.

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4. EXAMINATION

- 4.1 The applicant for license shall qualify himself in a written examination for the kind of license applied for, if not otherwise exempt from taking the same.
- 4.2 The examination shall be held at such times and places as the Insurance Commissioner shall designate.
- 4.3 Those desiring to take such examination shall file an application with the Insurance Commissioner on forms prescribed by the Insurance Commissioner.
- 4.4 Every applicant for such examination shall, at the time his application is filed, pay to the Insurance Commissioner an examination fee of One Hundred Pesos (₱100.00) in case of walk-in examination and One Hundred Fifty Pesos (₱150.00) in case of provincial examination.
- 4.5 The applicant for such examination must be of good moral character and must not have been convicted of any crime involving moral turpitude. He must satisfactorily show that he has been trained in the kind or kinds of insurance contemplated in the license applied for.
- 4.6 A grade of 70% shall be necessary to pass the examination.
- 4.7 No such examination shall be required of the following:
 - a) One who presently holds, or had previously held at any time during the last ten (10) years, a license of the kind applied for.
 - b) One who has successfully completed the Insurance Agents' Course conducted by the Insurance Institute for Asia and the Pacific or an academic course and/or training program, satisfactory to the Insurance Commissioner, in the kind of insurance contemplated in the license applied for.

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- c) One who, because of his previous connections with any insurance company, or with any office, or firm handling insurance matters, is found by the Insurance Commissioner to be competent to transact the business contemplated in the license applied for.

5. APPLICATION FOR LICENSE

- 5.1 The application for the issuance or renewal of a license to act as insurance agent or general agent shall be upon forms prescribed by the Insurance Commissioner. For a partnership, association or corporation, the application shall designate the individual who is to exercise the power granted by the license. Such application shall be accompanied by a copy each of the applicant's income tax return for the preceding year and privilege tax receipt for the current year if applying for renewal of license.

The application for the issuance of a license to act as insurance agent shall, in addition, be accompanied by a copy of agency agreement entered into by and between the applicant and the insurance company concerned limiting power of agent to solicitation of insurance business only.

- 5.2 The application for the issuance of a general agent's license shall, in addition, be accompanied by a copy of the general agency agreement entered into by and between the applicant and the insurance company concerned, together with a copy of the power of attorney duly executed by the insurance company empowering the applicant to receive notices, summons and legal processes for and in behalf of the said company in connection with actions or legal proceedings against such company.
- 5.3 In order to facilitate the processing of applications for renewal of insurance agent's licenses, particularly with respect to the income earned by the applicant concerned, it shall be considered sufficient compliance with the "actively engaged" requirement, infra, if is certified under oath by the president of the executive/senior vice president (if there be more than one vice president) or the vice president (if there be only one vice president)

