CIRCULAR LETTER

TO : ALL LIFE AND NON-LIFE INSURANCE COMPANIES, THEIR AGENTS, BROKERS AND THE GENERAL PUBLIC

SUBJECT : GUIDELINES IN THE SUBMISSION OF CLEARANCE AS A REQUIREMENT IN THE APPLICATION FOR ISSUANCE OF AGENT’S LICENSE TO SOLICIT BUSINESS FOR ANOTHER INSURANCE COMPANY

WHEREAS, IC Circular Letter dated 30 September 1960 entitled “Issuance of New and/or Additional Certification of Authority To Solicit Business For Another Insurance Company” requires an agent to submit a written clearance and/or permission from his former or current principal, together with his application for certificate of authority to act as agent for another insurance company;

WHEREAS, the above-mentioned Circular Letter provides that failure on the part of any company to act on any request for clearance and/or permission within one (1) month from date of receipt of such request would be a justifiable reason for the Commission to issue the certificate of authority applied for without further notice;

WHEREAS, it has come to the attention of this Commission that notwithstanding such rule, several insurance companies persist in using a period of more than thirty (30) days in the processing an agent’s request for clearance;

WHEREAS, the delay in the processing and/or issuance of the required clearance is detrimental to the evaluation of an application for an agent’s license;
WHEREAS, there is a need to reiterate the provisions of the above-mentioned Circular Letter and to update the same;

NOW WHEREFORE, pursuant to the authority of the Insurance Commissioner under Section 437 of the Insurance Code, as amended by Republic Act No. 10607, the following "Guidelines in the Submission of Clearance as a Requirement in the Application for Issuance of Agent's License to Solicit Business for Another Insurance Company" are hereby adopted and promulgated:

I. All applications for issuance of new agent's license due to transfer from one insurance company to another insurance company must be accompanied by a written clearance from the agent's former company/principal ("requested company");

II. The request for issuance of clearance must be in writing, must originate from the company that such agent wishes to represent ("requesting company") and must be addressed to the officer of the requested company responsible for the issuance of the clearance certificate;

III. The processing, evaluation and action on the request for clearance certificate must be made and communicated to the requesting company on or before the thirtieth (30th) working day from the receipt of the request;

IV. If the request was made through electronic mail, the requested company is required to acknowledge the receipt of such electronic mail within 24 hours from receipt of the request and the reckoning point of the 30-day period shall commence from the date the acknowledgment electronic mail was received by requesting company;

V. The action taken by the requested company may only be either issuance of the requested clearance or a denial thereof. In case of denial of request for issuance of clearance, the reason/s for such denial must be in writing.

VI. Failure on the part of any insurance company to act on any request within the thirty (30) – day period herein prescribed constitutes a justifiable reason for this Commission to act upon an application for issuance of an agent's license without the required written clearance.

VII. Any violation of the provisions of this Circular Letter shall be subject to imposition of imposable administrative penalties under the Insurance Code.

This Circular shall take effect immediately.

DENNIS B. FUNA
Insurance Commissioner