CIRCULAR LETTER

TO: ALL LIFE INSURANCE COMPANIES

SUBJECT: REPEAL OF ITEMS 2 AND 3 OF CIRCULAR LETTER DATED JUNE 30, 1958, RE: GUIDELINES ON THE PAYMENT OF DEATH CLAIMS

WHEREAS, IC Circular Letter dated 30 June 1958, Subject: Payment of Death Claims states, that:

"In connection with the payment of death claims, please be advised that in a conference had with the Bureau of Internal Revenue, the following were agreed upon:

1. Proceeds of life insurance policies payable to named beneficiaries IRREVOCABLY designated, who are not the decedent’s estates, administrators, or executors may be paid outright.

2. Proceeds of life insurance policies not exceeding P5,000.00 and payable to the surviving spouse, a legitimate recognized natural, illegitimate or adopted child, REVOCABLY designated by the insured, may likewise be paid outright. However, if the beneficiaries are other than those mentioned above, this proof of payment of the transfer taxes must be presented by the claimant.

3. Proceeds of a life insurance policy payable to the estate of the deceased, his executors or administrators, whether revocably or irrevocably designated by the insured, shall be paid only upon presentation to the Company of proof of payment of the required taxes."

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WHEREAS, there is a need to clarify inconsistencies with the provisions of Section 248 of the Insurance Code, as amended by R.A. 10607;

NOW WHEREFORE, pursuant to the authority of the Insurance Commissioner under Sections 248 and Section 437 of the Insurance Code, as amended by Republic Act No. 10607, the following “Repeal of Items 2 and 3 of Circular Letter dated June 30, 1958, Re: Guidelines on the Payment of Death Claims” is hereby promulgated as follows:

Section 248 of the Insurance Code, as amended by R.A. 10607, provides that:

"Section 248: The proceeds of a life insurance policy shall be paid immediately upon maturity of the policy, unless such proceeds are made payable in installments or as an annuity, in which case the installments, or annuities shall be paid as they become due: Provided, however, That in the case of a policy maturing by the death of the insured, the proceeds thereof shall be paid within sixty (60) days after presentation of the claim and filing of the proof of death of the insured. Refusal or failure to pay the claim within the time prescribed herein will entitle the beneficiary to collect interest on the proceeds of the policy for the duration of the delay at the rate of twice the ceiling prescribed by the Monetary Board, unless such failure or refusal to pay is based on the ground that the claim is fraudulent.

The proceeds of the policy maturing by the death of the insured payable to the beneficiary shall include the discounted value of all premiums paid in advance of their due dates, but are not due and payable at maturity."

(Emphasis ours)

In view of thereof, Items 2 and 3 of IC Circular Letter dated June 30, 1958 Subject: Payment of Death Claims has been effectively repealed and the insurer is required to immediately release the proceeds of the life insurance policy to the beneficiaries within sixty (60) days after presentation of the claim and filing of the proof of death of the insured.

This Circular Letter shall take effect immediately.

DENNIS B. FUNA
Insurance Commissioner