



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



Circular Letter (CL) No.:	2020-25
Date:	25 March 2020
Amends:	None

CIRCULAR LETTER

TO : ALL INSURANCE COMPANIES, MUTUAL BENEFIT ASSOCIATIONS (MBAs), PRE-NEED COMPANIES AND HEALTH MAINTENANCE ORGANIZATIONS, AND OTHER CONCERNED PERSONS

SUBJECT : GUIDELINES ON THE ISSUANCE OF EXTENSION OF COVERAGE OR HOLD COVER IN INSURANCE POLICIES, PRE-NEED PLANS AND AGREEMENTS DUE TO COVID-19 PANDEMIC IN THE PHILIPPINES

WHEREAS, the Coronavirus disease 2019 (COVID-19) has spread in different parts of the world, including the Philippines;

WHEREAS, the COVID-19 outbreak has recently been characterized by the World Health Organization (WHO) as a pandemic;

WHEREAS, lawful health authorities have raised the Code Alert System for the COVID-19 outbreak to Code Red Sublevel 2, following the sharp increase in the number of confirmed cases throughout the country;

WHEREAS, on 12 March 2020, President Rodrigo R. Duterte placed the entire Metro Manila region under Community Quarantine from 15 March to 14 April 2020 due to the threat posed by COVID-19. The President later on expanded the quarantine to the entire Luzon, putting the entire island under Enhanced Community Quarantine effective 12:00AM of 17 March 2020 and expiring on 12:00AM of 13 April 2020 to stop the spread of the COVID-19 infections;

WHEREAS, given the gravity of the COVID-19 situation, this Commission recognizes the administrative and logistical limitations of Insurance, Pre-Need and HMO Companies, in providing insurance, plans or health services, respectively, as well as the Intermediaries and the Insuring Public in general in securing appropriate coverages to secure protection over lives, health or property;

NOW THEREFORE, pursuant to the authority of the Insurance Commissioner under Section 437 of the Insurance Code of the Philippines, as amended by Republic Act (RA) No. 10607, Section 6 of the Pre-Need Code (RA 9829) and Section 4 of Executive Order No. 192 (s. 2015), the following guidelines are hereby adopted and promulgated:

Section 1. **APPLICABILITY.** – This Circular shall be applicable to:

1. All Insurance Policies or HMO Agreements about to expire; or
2. All existing Insurance Policies, Pre-need Plans or HMO Agreements which, are the subject of ongoing negotiations or applications for issuance or renewal thereof

within or overtaken by the period covered by the Enhanced Community Quarantine effective 12:00AM of 17 March 2020 and expiring on 12:00AM of 13 April 2020 unless extended by the Philippine government.

Section 2. **EXTENSION OF COVERAGE OR ISSUANCE OF HOLD COVER.**

For Insurance Policies or HMO Agreements about to expire during the effectivity of the Enhanced Community Quarantine, Insurance or HMO Companies shall issue an extension of coverage for such existing policies or agreements for at least thirty (30) days subject to the written request or consent, electronically or otherwise, of the insured, client, or their respective authorized representatives, as the case may be.

For Insurance Policies, Pre-Need Plans or HMO Agreements, which are the subject of new or renewal application or negotiation prior to or during the effectivity of the Enhanced Community Quarantine, Insurance, Pre-Need and HMO Companies may issue a hold cover or temporary cover for insurance, pre-need plan or HMO Agreement coverage for at least thirty (30 days). Issuance of such hold cover or temporary cover shall be subject to written request or consent, electronically or otherwise, of the insured, plan holder, client, or their respective authorized representatives, as the case may be.

Section 3. **BASIC TERMS AND CONDITIONS OF EXTENDED OR TEMPORARY COVER AND ITS EFFECTIVITY.**

Insurance Policies or HMO Agreements, which are extended pursuant to this Circular shall be subject to the same terms and conditions of the existing insurance policy or HMO Agreements. The said policy and agreements shall only become effective once applicable pro-rata premium payment has been made, unless a credit term has been agreed upon.

The Hold Cover or Temporary Cover issued by Insurance, Pre-Need and HMO Companies to its insured, plan holders and clients, respectively shall be subject to the basic terms and conditions for such product or service as the Insurance Commission would normally approve for such standard products or services. It shall

only become effective once payment of applicable pro-rata premiums has been made, unless a credit term has been agreed upon by the parties. The parties may, however, modify such basic terms and conditions for the issuance of the Hold Cover or Temporary Cover subject to the corresponding adjustment of applicable premiums.

Section 5. **SEPARABILITY.** – If any provision of this Circular shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

Section 6. **EFFECTIVITY.** – This Circular Letter shall take effect immediately and shall only continue to do so during the effectivity of the Enhance Community Quarantine.


DENNIS B. FUNA
Insurance Commissioner

