



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



Legal Opinion (L.O.) No.	LO-2018-11
Date:	April 30, 2018

MR. BEN THOMAS PANARES

President

**Citicorp Financial Services and
Insurance Brokerage Philippines, Inc. (CFSI)**

Citibank Square 1 Eastwood Avenue
Eastwood City, Brgy. Bagumbayan
Quezon City 1110

ATTENTION : **MS. SHEILA M. ALGENIO**
Soliciting Official

SUBJECT : **Applicability of the Insurance Premium
Cap Under IC Circular Letter (CL) No.
15-2007 dated 07 August 2007 on
Insurance Products Brokered to Citibank
Clients Through Telemarketing Channel**

Dear Mr. Panares:

This refers to the company's letter dated 16 November 2017 inquiring if the insurance products being brokered through telemarketing channel by the CFSI to Citibank clients is subject to the insurance premium cap under Section II of CL No. 15-2007 dated 07 August 2007.

In the said letter, CFSI mentioned that:

1. The company currently brokers insurance to Citibank clients only;
2. As a covered institution, Citibank has already subjected these clients to the Know Your Customer (KYC), Customer Due Diligence (CDD) and face-to-face requirements of the bank ("KYC"); and
3. As such, CFSI has KYC reliance with Citibank for its customers-policy owners.

Considering that CFSI has KYC reliance with Citibank, a covered person under Anti-Money Laundering Act of 2001, as amended, the Rule on Third Party Reliance under Rule IX (A) (1) (c) of the 2016 Revised Implementing Rules and Regulations (RIRR) of Republic Act No. 9160, as amended, is applicable and not the rule set forth under CL No. 15-2007 dated 07 August 2007. Thus, the insurance products being brokered through telemarketing channel by CFSI to Citibank clients is not subject to the insurance premium cap under Section II of CL No. 15-2007 dated 07 August 2007.

Rule IX (A) (1) (c) of the 2016 RIRR of Republic Act No. 9160, as amended, provides:

*“(c) Third Party Reliance. – A covered person **may rely on a third party to perform customer identification, including face to face contact.***

The third party shall be:

1. **A covered person;** or
2. *A financial institution or DNFBP operating outside the Philippines that is covered by equivalent customer identification and face to face requirements.*

Notwithstanding the foregoing, the ultimate responsibility for identifying the customer remains with the covered person relying on the third party.

Provided that, in cases of high risk customers, the covered person relying on the third person shall also conduct enhanced due diligence procedure.” (Emphasis and underscoring ours.)

However, based on the above-quoted rule, please note that CFSI, as a relying covered person, has the ultimate responsibility to identify the customer and in case of high risk customer, to conduct enhanced due diligence procedure.

It shall be understood that the foregoing opinion is rendered based solely on the facts disclosed in the query and relevant solely to the particular issue raised therein and shall not be used in the nature of a standing rule binding upon the courts, or upon the Commission in other cases of similar or dissimilar circumstances. If upon investigation, it will be disclosed that the facts relied upon are different, this opinion shall be rendered null and void.


DENNIS B. FUNA
Insurance Commissioner

