



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



Legal Opinion No:	<b>LO-2019-05</b>
Date:	<b>25 March 2019</b>

**MR. RODOLFO D. RUBIO**

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**SUBJECT: REQUEST FOR LEGAL OPINION ON THE  
APPLICATION/ENROLLMENT FORM OF  
MICROINSURANCE**

Dear Mr. Rubio:

This has reference to your letter dated 29 November 2018 pertaining to the above subject.

In said letter and its attached document, the following are the inquiries raised:

1. Whether or not it is allowable for an applicant, instead of signing the approved application form by this Commission, to simply attach or bundle a photocopy of his/her valid proof of identification/ID to the Microinsurance form as sign of proof of insurability; and
2. Whether or not the Microinsurance purchasers can be considered as an "open" group, particularly, if there is no employer-employee relationship between the purchasers.

**OUR OPINION**

Upon careful and meticulous perusal of said letter and its attached document, below are our opinion on the matter:

## **I. ON THE NATURE OF THE APPLICATION FORM AND THE APPLICANT'S SIGNATURE**

At the onset, it should be stressed that the accomplishment of an application form does not guarantee that the applicant is already insured. As stated in one case, "xxx a contract of insurance, like other contracts, must be assented to by both parties either in person or by their agents. So long as an application for insurance has not been either accepted or rejected, it is merely an offer or proposal to make a contract. The contract, to be binding from the date of application, must have been a completed contract, one that leaves nothing to be done, nothing to be completed, nothing to be passed upon, or determined, before it shall take effect. There can be no contract of insurance unless the minds of the parties have met in agreement."<sup>1</sup>

A perusal of the contents of the attached application form ("FORM" for brevity) indicates that it is a document which requires that an applicant should sign to affirm and give his or her consent to all of the matters stated therein and proposes that he/she be covered by a microinsurance policy.

A perusal of the form further shows that the signature of an applicant is a separate and indispensable requirement that **cannot** be substituted by submitting a photocopy of a valid proof of identification/ID as demonstrated by the following:

1. The applicant must affirm and confirm that the applicant was in good health at the time of the signing of the form. This is clear and unequivocal in number 2 of the form which states that "*I am in good health during the time I signed this Application Form.*";
2. A specific portion was allocated for the signature of the applicant thereby showing proof that the applicant is confirming and affirming to all of the declarations, acknowledgments, warranties; etc. stated in the form; and
3. In the absence of the signature of the applicant, there will be no proof that the applicant confirms and affirms all of the declarations, acknowledgments, warranties, etc. in the form since the form itself does not acknowledge a photocopy of the valid identification as a substitute to an applicant's signature.

We are also of the opinion that accomplishing an application form by signing is not that difficult or inconvenient. Quoting one case decided by the Supreme Court, "*Anybody can get an application form for insurance, fill it up at home before filing it with the insurance company.*"<sup>2</sup>

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<sup>1</sup> *VIRGINIA A. PEREZ v. COURT OF APPEALS AND BF LIFEMAN INSURANCE CORPORATION*, G.R. No. 112329, 28 January 2000.

<sup>2</sup> *PEOPLE OF THE PHILIPPINES v. YIP-WAI MING*, G.R. No. 120959, 14 November 1996.

Also, we are of the opinion that the substitution of an applicant's signature will not make the enrollment or application be easy and quick. It should be the processing by the insurers upon submission of the required documents that should be facilitated so that availing microinsurance will be quick and easy. Quoting another case decided by the Supreme Court "xxx, **insurance companies must be obligated to act with haste upon insurance applications**, to either deny or approve the same, or otherwise be bound to honor the application as a valid, binding, and effective insurance contract".<sup>3</sup> (emphasis supplied)

In view of the foregoing discussions, we opine that the signature of an applicant to the form is an indispensable requirement that cannot be disregarded nor substituted by submitting a photocopy of a valid identification/ID.

## **II. ON THE MICROINSURANCE PURCHASERS AS AN "OPEN" GROUP**

On your second inquiry, Section 10 in relation to Sections 1 and 2, paragraphs 1.1, 1.2, 2.1 and 2.2, respectively, of Circular Letter No. 2017-57 dated 12 December 2017 with the subject "*Guidelines on Group Insurance of Both Life and Non-Life Insurance Companies*" states that:

### **"Section 10. Applicable Guidelines on the Approval of Product Forms and Microinsurance**

These Guidelines shall be read and complied with in conjunction with the applicable guidelines on the approval of product forms, Section 234 and other applicable provisions of the Insurance Code, and regulations on microinsurance. xxx

#### **Section 1. Groups Subject of Group insurance**

1.1. **A group should consist of persons with a commonality of purpose, interest or circumstances or engaging in a common economic and/or social activity similar, but not limited to employees of a corporation or member of a professional association.**

1.2. Insurable groups can broadly be classified into two main groups, namely: a) **employee group**, where all members work for the employer proposing to cover them; **and b) affinity group, whose members have a commonality other than employment and whose insured members are not its employees** such as

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<sup>3</sup> **ETERNAL GARDENS MEMORIAL PARK CORPORATION v. THE PHILIPPINE AMERICAN LIFE INSURANCE COMPANY**; G.R. No. 166245; 09 April 2008.

depositors or borrowers of banks or lending companies, passengers of transportation operators, members of a professional associations, cardholders of credit card companies, members of an employees welfare associations, beneficial owners of a trust handled by a trustees, among others. In an employee group, the employer becomes the policyholder and the employees are the insured persons. In the affinity group, the policyholder is the association, trustee, union, and other organization to which an individual insured must belong or be associated with to be insured.,

## **Section 2. Groups Not Eligible Under Group Insurance**

2.1. **No group should be formed with the main purpose of availing insurance.** There should be a clear and evident relationship between the member and the policyholder for services other than insurance.

2.2. No group policy shall be issued with the insurance agent or insurance broker as policyholder, except when the covered members are its employees." (emphasis supplied)

In applying the aforementioned circular to the inquiry raised herein, if the group is classified as other than the employee group, the same is permissible *provided* that the following matters are complied with:

1. Such group, other than the employee group, has a commonality of purpose, interest or circumstances or engaging in a common economic and/or social activity;
2. The insured members are not its employees;
3. Such group was formed not for the main purpose of availing insurance; and
4. Such group policy should not be issued to an insurance agent or broker as a policyholder, except if the covered members are its employees.

Therefore, the microinsurance purchasers may be considered as an "open" group outside of the employer group and can be insured under a group policy, provided that the aforementioned matters are complied with.

Please note that the opinion rendered by this Commission is based solely on the particular facts disclosed in the query and relevant solely to the particular issues raised therein. This opinion shall not be used, in any manner, in the nature of a standing rule binding upon the Commission in the other cases whether for 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.

Please be guided accordingly.

Very Truly Yours,

**DENNIS B. FUNA**

Insurance Commissioner

