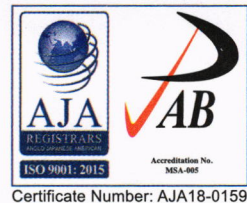




Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



Legal Opinion (LO) No.:	10-2019-06
Date:	April 2, 2019

MS. RUTH S. CALLANTA

President

CCT MUTUAL BENEFIT ASSOCIATION, INC.

5/F & 6/F Joshua Center,

1428 Taft Avenue

Ermita, Manila

**SUBJECT: Inquiry on the Assignment of a Company
as the Beneficiary under CCT MBA's Basic
Life Insurance Plan or BLIP**

Dear Ms. Callanta:

This has reference to your letter requesting for legal opinion on whether a corporation, Kaibigang Maaasahan Multi-Purpose Cooperative (KMMC), may be named as beneficiary in your member's insurance coverage under your Basic Life Insurance Plan (BLIP).

In the said letter, you mentioned that one of Center for Community Transformation's (CCT) Ministry (Company) is the KMMC, a duly registered cooperative with the Cooperative Development Authority. KMMC advocates to former street dwellers nurtured and cared for by CCT, who are now legitimate workers and members of their own cooperative. Unfortunately, some of the members are already orphans or no longer have families or even a relative or family member that they can name as beneficiary in their insurance coverage with BLIP.

Given the said situation, the CCT MBA members expressed their intention to name KMMC as their beneficiary in appreciation of all the help and support KMMC has given them.

After a careful evaluation of the issue presented, this Commission hereby renders its opinion on the matter as discussed hereunder:

I. The presence of insurable interest must be determined.

Section 10 and 3 of the Insurance Code, as amended, state the provisions on insurable interest, to wit:

"SEC. 10. Every person has an insurable interest in the life and health:

(a) Of himself, of his spouse and of his children;

(b) Of any person on whom he depends wholly or in part for education or support, or in whom he has a pecuniary interest;

(c) Of any person under a legal obligation to him for the payment of money, or respecting property or services, of which death or illness might delay or prevent the performance; and

(d) Of any person upon whose life any estate or interest vested in him depends."

"SEC. 3. Any contingent or unknown event, whether past or future, which may damnify a person having an insurable interest, or create a liability against him, may be insured against, subject to the provisions of this chapter."

From the preceding, a CCT MBA member has an insurable interest over his own self. Meaning, he may insure himself from contingent or unknown event/s (i.e. accident or death) and that the happening of the insured contingent or unknown event will damnify the insured's designated beneficiary or estate.

II. Who may be designated as beneficiary.

Since the presence of insurable interest is already settled. We will now discuss who may be designated as a beneficiary.

Article 2012 in relation to Article 739 of the New Civil Code provide for the limitations in the appointment of beneficiary, to wit:

"Article 2012. Any person who is forbidden from receiving any donation under Article 739 cannot be named beneficiary of a life insurance policy by the person who cannot make any donation to him, according to said article."

"Article 739. The following donations shall be void:

1. Those made between persons who were guilty of adultery or concubinage at the time of the donation;

2. Those made between persons found guilty of the same criminal offense, in consideration thereof;

3. Those made to public officer or his wife, descendants and ascendants, by reason of his office.

In the case referred to in No. 1, the action for declaration of nullity may be brought by the spouse of the donor or donee; and the guilt of the donor and donee may be proved by preponderance of evidence in the same action.(n)”

Further, a beneficiary may be one of the following:¹

1. Insured himself – he may himself be the person who procures the contract and pays the premiums necessary to maintain it.
2. Third person who paid a consideration - the third person named as beneficiary may have paid a valuable consideration for his selection as such; that is, the insured may have taken the policy for the benefit of a creditor or to secure some other obligation; or
3. Third person through mere bounty of insured – the beneficiary may be one who gives no consideration whatsoever for any right that may be acquired in the policy but is designated as recipient of the proceeds of the policy through mere bounty of the insured. The beneficiary designated may be the estate of the insured or a third party.

From the foregoing, when a person takes an insurance policy for himself, he/she may designate any person as beneficiary sans insurable interest.

On the other hand, when a person takes an insurance policy upon the life of another person for his/her own benefit, an insurable interest between the assured and the beneficiary/payor must exist.

In your letter inquiry, you mentioned that these CCT MBA members are now legitimate workers and members of their own cooperative. Hence, these members will secure and pay for their own insurance policy.

In such instance, KMMC may be validly designated as the beneficiary following the provisions mentioned in the preceding paragraph.

However, if it is KMMC who shall be taking the insurance policy upon the lives of these members and designate itself as the beneficiary, the same is not valid as no insurable interest exists between the payor (KMMC) and insured (CCT MBA member)

¹ The Insurance Code of the Philippines 2014 Edition, De Leon and De Leon, Jr., pages 101-102

As above-stated in Section 10, none of the enumerated conditions subsists between KMMC and CCT MBA member for KMMC to insure its members and designate itself as the beneficiary.

It shall be understood that this legal opinion is based solely on the facts presented and disclosed and shall not be used, in any manner, in the nature of a standing rule binding upon the Commission in other cases whether for similar or dissimilar circumstances.

For your information and guidance.



DENNIS B. FUNA
Insurance Commissioner

