



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



Legal Opinion (LO) No.:	2021-06
Date:	03 March 2021

**MR. GEORGE T. TIU**

*President and COO*

**Paramount Life and General Insurance Corporation**

14<sup>th</sup> and 15<sup>th</sup> Floor, Sage House,

110 V.A. Rufino Street,

Legaspi Village, Makati City

Subject: Filipinos temporarily based overseas  
applying for life insurance

Dear **Mr. Tiu:**

This refers to your letter dated 20 November 2020 in relation to Filipinos temporarily based overseas who are applying for life insurance. More specifically, you seek the approval of the Insurance Commission on serving this particular market segment by allowing them to be issued life insurance even while abroad.

Relevant thereto, please be informed that **the Certificate of Authority issued by the Commission to insurance companies is solely for the purpose of doing business in the Philippines, and that the selling of insurance products abroad shall be subject to the licensing requirements, pertinent laws, and other regulatory restrictions in effect in the country where such insurance contract is executed.**

Article 2011 of the Civil Code provides that “[t]he contract of insurance is governed by special laws. Matters not expressly provided for in such special laws shall be regulated by this Code.” Insofar as the issuance of a policy, certificate or contract of issuance is concerned, the Insurance Code, as amended, is instructive. As provided in Section 232 thereof:

“**Section 232.** No policy, certificate or contract of insurance shall be issued or delivered **within the Philippines** unless in the form previously approved by the Commissioner, and no application form

shall be used with, and no rider, clause, warranty or endorsement shall be attached to, printed or stamped upon such policy, certificate or contract unless the form of such application, rider, clause, warranty or endorsement has been approved by the Commissioner.”

Thus, the Insurance Commission’s approval of policy forms does not constitute blanket approval as to the issuance thereof. This can be gleaned from Section 232 of the Insurance Code, as amended, which specifically provides that only policies, certificates, or contracts of insurance in the form previously approved by the Commission may be issued or delivered **only within the Philippines**. This interpretation is in consonance with Section 192 of the Insurance Code, as amended, with respect to the scope of the Certificate of Authority issued by the Insurance Commission to insurance companies, to wit:

“**Section 192.** No corporation, partnership, or association of persons **shall transact any insurance business in the Philippines** except as agent of a corporation, partnership or association authorized to do the business of insurance in the Philippines, unless possessed of the capital and assets required of an insurance corporation doing the same kind of business in the Philippines and invested in the same manner; unless the Commissioner shall have granted it a certificate to the effect that it has complied with all the provisions of this Code.

**Every entity receiving any such certificate of authority shall be subject to the insurance and other applicable laws of the Philippines and to the jurisdiction and supervision of the Commissioner.**”

It is clear from the aforecited provisions of the Insurance Code, as amended, that **the authority granted by the Insurance Commission to insurance companies pertains exclusively to the authority to do business in the Philippines, subject to the applicable laws of the Philippines, as well as to the jurisdiction and supervision of the Commission**. Such authority does not in any way grant insurance companies the authority to do business abroad, notwithstanding any permission that the Commission may grant or may have granted with respect to online selling of approved products.

It must be emphasized that the validity of an insurance contract issued by an insurance company doing business in the Philippines is predicated upon the grant of authority to do business in the Philippines issued by the Insurance Commission in favor of such insurance company, the Commission’s approval of the relevant insurance product and policy forms, and the compliance of such insurance company with other relevant laws, rules and regulations in effect in the Philippines. **Considering that the Certificate of Authority and product approval issued by the Commission pertains specifically to the conduct of business in the Philippines, anything issued beyond such grant of**

**authority/approval does not have the force of law, without prejudice to any relief which may be available to the insured before the regular courts.**

Moreover, please note that **the sale of insurance products outside the Philippines shall be subject to the licensing and product approval requirements, as well as other pertinent laws, rules, and regulations in effect in the country where such insurance products are being sold.**

Finally, please be informed that the Commission has issued **Circular Letter No. 2020-109** dated 26 November 2020 or the **“Guidelines on Institutionalization of ‘Remote Selling Initiatives’ As A Permanent Mode of Selling Insurance Products”**. Under Item 2 thereof, the utilization of remote selling initiatives in cross-border selling is specifically prohibited. The said item likewise specifies that only persons and/or risks situated within the Philippines may be insured by life and non-life insurance companies doing business in the Philippines, to wit:

**“2. Geographical Limitation. – Insurers shall only insure persons and/or risks situated within the Philippines. Remote Selling Initiatives may not be utilized in cross-border selling.**  
Accordingly, insurers shall adopt measures to ensure that no cross-border selling shall occur at the time of conduct of the sale.”

Considering that the Commission’s issuance of a Certificate of Authority in favor of an insurance company confers only authority to transact insurance business in the Philippines and in no way grants authority to transact insurance business abroad, and in view of the express prohibition in CL No. 2020-109 with respect to cross-border selling, the Commission is constrained to deny your request to allow the issuance of life insurance to Filipinos who are based overseas at the time of the conclusion of the transaction.

Please note that the above 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 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.

Very truly yours,

**DENNIS B. FUNA**  
Insurance Commissioner

