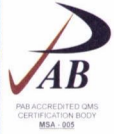




Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



Legal Opinion (LO) No.:	2021 - 09
Date:	20 April 2021

Atty. MARIA YVETTE NAVARRO
For Intervest Projects, Inc. (IPI)
SOBREVIÑAS HAYUDINI NAVARRO
& SAN JUAN LAW OFFICES
2203-A West Tower,
Philippine Stock Exchange Road,
Ortigas Center 1604
Pasig City

**SUBJECT: Request for Legal Opinion on
whether an Insurance Broker
may engage in non-insurance
related business**

Dear **Atty. Navarro:**

This refers to your letter dated 23 October 2020 requesting for a legal opinion as to whether an insurance broker may engage in non-insurance related business.

Per your letter, your client, INTERVEST PROJECTS, Inc. (IPI, for brevity), is a duly-registered domestic corporation mainly engaged in real estate construction, development and sales. Per its Articles of Incorporation, IPI has for its primary purpose "*Home Building and Home Development and other Real Estate Endeavors,*" while one of its secondary purposes include "*Foreign exchange currency transactions and accepting, negotiating and transacting foreign remittances.*"

In your inquiry, IPI's main concern, in view of your client's intent to venture into insurance brokerage business and possibly secure the appropriate license thereto, is whether IPI may continue to engage in the real estate business, foreign currency and foreign remittance transactions concurrently with being an insurance broker.

Relevant to this, please be guided by the **Insurance Commission Circular Letter 2018-52¹**, entitled “*Guidelines on the Licensing of Insurance and/or Reinsurance Brokers*,” which outlines the important requirements a prospective applicant company must possess in securing an insurance broker’s license. Attached in this legal opinion for your perusal and guidance is a copy of the said Circular Letter.

Section 11 of the said Circular Letter is clear and categorical as to the prohibitions on licensed insurance brokers with regard to certain business or activities, to wit:

“Section 11. Prohibition. - No person licensed as an insurance agent or general agent shall be licensed as an insurance broker, nor shall a person licensed as an insurance broker be licensed as an insurance agent or general agent.”

No official or employee of an insurance broker shall be licensed to act as insurance agent or general agent.

No broker or its stockholders and officers shall have controlling interest in any insurance or reinsurance company, or insurance adjustment company or vice versa.” (emphasis supplied)

Simply stated, an insurance broker or any of its officials, stockholders or employees may not engage in the insurance business as an insurer, insurance agent, reinsurer or an insurance adjuster. Likewise, an insurance broker or any of its officers or stockholders shall have no controlling interest in an insurance, reinsurance or an insurance adjustment company.

The reason for such prohibitions is primarily to avoid conflict of interests, between, on one hand, the insurance brokers’ clients, which are the insured; and, on the other hand, the companies that insurance brokers deal with, which are the insurers. As guided by Republic Act 10607, otherwise known as the Insurance Code, as amended, an insurance broker has fiduciary responsibilities² with its insured clients and must act accordingly to advance their interests.

Considering the line of business IPI has been engaged in, that is, real estate development and foreign remittance transactions, it appears that the same is not among the prohibited activities or business for insurance brokers. Hence, this Commission is of the opinion that, insofar as the Insurance Code, as amended, as well as relevant laws and regulations are concerned, IPI’s proposed combination of lines of business do not pose any conflict and are not proscribed. IPI may likewise apply for an insurance broker license aside from engaging in real estate development and foreign remittance transactions, subject to compliance with the requirements in Circular Letter 2018-52.

¹ Dated 19 October 2018

² Sections 314 and 315, RA 10607

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.

Please be guided accordingly.

Very truly yours,



DENNIS B. FUNA
Insurance Commissioner



Enclosed: As stated