



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

Insurance Commission Ruling (ICR) No.	2021 - 06
Date:	04 November 2021

MR. GLENN BESINGA
glenn.besinga@gmail.com

SUBJECT: Complaint against Non-licensed Insurance Adjusters

Dear Mr. Besinga:

This pertains to your e-mail-complaint dated 08 June 2021, bringing to the attention of this Commission the alleged performance of adjusting of claims without the appropriate license issued by the Insurance Commission to act as such.

On 15 June 2021, the Commission, through the Regulation, Enforcement and Prosecution Division, has sent Notices to Explain to Empire Insurance Co., (Empire) and Independent Motor Car Specialist, Inc. (IMSI) regarding your complaint.

In a letter dated 29 June 2021, and received by this Commission on 01 July 2021, Empire stated in its Written Explanation that the late Mr. King Morales was not an adjuster. He was hired as a Motor Car Inspector on a contractual basis with fixed monthly compensation. Empire further stated that it had denied your additional claim for the repair of the trunk lining and flooring of your vehicle as both the repair shop and Empire's in-house evaluator believed that the alleged damage to the part claimed were not caused by the accident but due to wear and tear.

As to the personality of Mr. Carlos Casinilo, Empire explained that he is an employee of IMSI. IMSI was engaged to inspect and evaluate damage sustained by insured or third party vehicles. IMSI is not an adjuster but an independent motorcar specialist and does not conduct investigation of the circumstances of the accident, adjust claims nor negotiate settlement with the insured or third party.

In a letter dated 29 June 2021, and received by this Commission on 08 July 2021, IMSI stated in its Written Explanation that it services insurance companies as a Consultancy, as stated in its Articles of Incorporation, with a primary purpose "*To engage in, conduct, operate, carry on and maintain the business of rendering management and other related services and/or consultancy to any person, firm, entity,*

corporation or association engaged in any lawful activities or enterprises in the automotive or motor car industry and other industries related to or forming part of users thereof." According to IMSI, its role is to submit an independent job evaluation report for its clients' information regarding the motor car repair. IMSI's job evaluation report is used by insurance companies as a reference against the proposed repair shop estimates as a check & balance process. IMSI explained further that it does not interview the insurance claimant or investigate the nature of the accident and adjusts claims nor directly negotiate with the claimants and auto repair shops, as ultimately, it is the final judgment of the insurance companies on how they will settle the motorcar accident claims.

Relevant to the case before us is **Republic Act 10607**, otherwise known as "**The Insurance Code, as amended**," which states the following:

Section 333. *An adjuster may be an independent adjuster or a public adjuster.*

The term independent adjuster means any person, partnership, association or corporation which, for money, commission or any other thing of value, acts for or on behalf of an insurer in the adjusting of claims arising under insurance contracts or policies issued by such insurer.

The term public adjuster means any person, partnership, association or corporation which, for money, commission or any other thing of value, acts on behalf of an insured in negotiating for, or effecting, the settlement of a claim or claims of the said insured arising under insurance contracts or policies, or which advertises for or solicits employment as an adjuster of such claims.

Section 334. *For every line of insurance claim adjustment, adjusters shall be licensed either as independent adjusters or as public adjusters. No adjuster shall act on behalf of an insurer unless said adjuster is licensed as an independent adjuster; and no adjuster shall act on behalf of an insured unless said adjuster is licensed as a public adjuster: Provided, however, That when a firm or person has been licensed as a public adjuster, he shall not be granted another license as independent adjuster and vice versa.*

No license, however, shall be required of any company adjuster who is a salaried employee of an insurance company for the adjustment of claims filed under policies issued by such insurance company.
(Emphasis supplied)

After a careful evaluation, this Commission finds that the issue as to the alleged non-licensed individuals working for an insurance company has been sufficiently addressed by the exception contemplated in the last paragraph of Section 334 of the

Insurance Code, as amended, where it is clearly stated that company adjusters are not required to secure a license. In this instance, persons employed by Empire tasked to do evaluation and adjusting of claims arising under insurance contracts or policies need not register or secure a prior license from this Commission. Thus, Mr. King Morales, as employed by Empire, whether having acted as a mere Motor Inspector or as an alleged Insurance Adjuster, is not required to obtain a license as clearly expressed in Section 334.

As to the issue of business activity of IMSI, this Commission finds that its activities do not fall under the business of adjusting as it merely acts as a consultant for the information and/or reference of the insurance company, without it being directly involved in the actual investigation of the incidents involving a given case or claim. It can be thus concluded that the main task of adjusting and evaluating claims still falls squarely on Empire as performed by its in-house adjusters under its employ, while IMSI, as a consultant, prepares its estimate reports to aid Empire with its evaluation and adjustment of claims.

For your information and guidance.



DENNIS B. FUNA
Insurance Commissioner



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Insurance Commission