



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
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COURT NULLIFIES CREDIT INFORMATION CORPORATION'S ORDER REQUIRING INSURERS TO REPORT ENTIRE CUSTOMER DATABASES

INSURANCE COMMISSION HAILS MAKATI COURT DECISION

Acting on the Petition for Declaratory Relief filed by the Philippine Life Insurance Association, Inc. (PLIA), a Makati City court nullified Circular Letter No. 2017-04 issued by the Credit Information Corporation (CIC) requiring insurers to submit the premium payments, insurance contracts and policy loans of its clients.

In a Decision dated 04 January 2019, the Makati Regional Trial Court Branch 56 nullified Circular Letter No. 2017-04 by declaring that premium payments, insurance contracts and policy loans are not within the ambit of basic credit data required to be submitted under Republic Act (R.A.) No. 9510 or the Credit Information System Act as it does not pertain to a borrower's performance on a loan, credit line, guarantee or any other form of financial accommodation.

The Court negated the allegation of the CIC that the law expresses the inclusion of any data reflective of a borrower's credit worthiness and other factual and objective information related to or relevant therein in the submitting entity's data files or that of other sources of information.

In its Decision, Judge Bonifacio S. Pascual discussed that, for an information to constitute basic credit required to be submitted to the CIC under R.A. No. 9510, the information must be either positive credit information or negative credit information.

The Court ruled that "For this reason, it is apparent that for information to be submitted to the respondent, the basic credit data must be either positive or negative. This is an unconditional prerequisite of the law, as the objective of RA 9150 is to create a credit information system that will directly address the need for reliable credit information concerning the credit standing and track records of borrowers."

In ruling that policy loans, premium payments, and insurance contracts do not reflect the insured's credit worthiness, the Court noted the arguments of the PLIA that policy loans are in the nature of advances against the policy benefit fund that is earned as payments are made on the policy through the years.