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| Legal Opinion No: | 2023-13 |
| Date: | 03 May 2023 |

MR. ULYSSES J. ABELLERA
 ulysabel@gmail.com

SUBJECT: Request for Legal Opinion on the Interpretation of Section 182 of the Insurance Code, as amended by Republic Act No. 10607

Dear **Mr. Abellera:**

The Insurance Commission (Commission) replies to your letter requesting a legal opinion on interpreting Section 182 of the Insurance Code, as amended by Republic Act No. 10607 (Insurance Code).

As stated in the letter, you made insurance claims based on four insurance policies held by your late wife, the beneficiaries of which were your four children. AXA Philippines only approved two of the claims. And out of these two, the proceeds of one are conditional upon the filing of a petition for guardianship bond, the posting of a bond, and the decision of the court.

You want to know whether the phrase "or in such reasonable amount as may be determined by the Commissioner" includes an amount that is greater than P500,000, for example, P501,000, as can be found in Section 182 of the Insurance Code.

Interpretation of the phrase “or in such reasonable amount as may be determined by the Commissioner”

The subject phrase is found under Section 182 of the Insurance Code, which states:

Section 182. An insurance upon life may be made payable on the death of the person, or on his surviving a specified period, or otherwise contingently on the continuance or cessation of life.

Every contract or pledge for the payment of endowments or annuities shall be considered a life insurance contract for purposes of this Code.

In the absence of a judicial guardian, the father, or in the latter's absence or incapacity, the mother, of any minor, who is an insured or a beneficiary under a contract of life, health, or accident insurance, may exercise, in behalf of said minor, any right under the policy, **without necessity of court authority or the giving of a bond, where the interest of the minor in the particular act involved does not exceed Five hundred thousand pesos (P500,000.00) or in such reasonable amount as may be determined by the [Insurance]**

Commissioner. Such right may include, but shall not be limited to, obtaining a policy loan, surrendering the policy, receiving the proceeds of the Policy, and giving the minor's consent to any transaction on the policy.

In the absence or in case of the incapacity of the father or mother, the grandparent, the eldest brother or sister at least eighteen (18) years of age, or any relative who has actual custody of the minor insured or beneficiary, shall act as a guardian without need of a court order or judicial appointment as such guardian, as long as such person is not otherwise disqualified or incapacitated. Payment made by the insurer pursuant to this section shall relieve such insurer of any liability under the contract.¹

A perusal of the phrase "**or in such reasonable amount as may be determined by the Commissioner**" indeed spells out the authority of the Commissioner to modify the P500,000 base amount of interest of the minor in a life, health, or accident insurance. Section 182 grants him the discretion to determine the amount that would be the basis for the need to provide court authority or to give a bond.

However, the Commission has yet to issue a regulation increasing the P500,000. Without such regulation, the base amount of P500,000 must be followed. And following Section 182, when the minor's interest in a life insurance policy exceeds P500,000, the father (in your case) needs a court authority or a bond before he could exercise the rights of the minor under any of said policy.

Since the interest of your minor children in the insurance policies exceeds P500,000, you are required to present court authority or to give bond. The Commission understands the process you have to undergo, but we are bound to abide by the letter of the law when it is clear.

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,


REYNALDO A. REGALADO
Insurance Commissioner



¹ Emphasis supplied.