



Legal Opinion No:	2023-14
Date:	16 May 2023

**MR. DONALD C. SAUROMBE**  
*Assistant Vice President – Business Development & Technology*  
**MPT Mobility Corporation**  
 donald.saurombe@mptmobility.com

**SUBJECT: Request for Legal Opinion on Electronic Sale of Insurance Products by Intermediaries**

Dear **Mr. Saurombe:**

The Insurance Commission (Commission) replies to your letter dated 24 March 2023, requesting for a legal opinion regarding electronic sale of insurance products by intermediaries.

MPT Mobility Corporation (MPTM) is a subsidiary of Metro Pacific Tollways Corporation (Metro Pacific).<sup>1</sup> MPTM operates the MPT DriveHub, a companion mobile application (App), owned by Metro Pacific.<sup>2</sup>

To maximize the use of the App, MPTM plans to create an electronic marketplace where licensed insurance companies could sell non-life insurance policies, among others. And for the use of the marketplace, MPTM will receive either referral fee or revenue share.<sup>3</sup>

From these material facts, you raised the following questions:

1. Whether or not a juridical person may act as an insurance agent/broker;
2. Whether or not the person named in the insurance agent/broker license may be outsourced;
3. Whether or not the Company, in offering insurance products in its App, is deemed an intermediary under CL 2014-47;

<sup>1</sup> Letter dated 24 March 2023, p. 1, ¶ 1.  
<sup>2</sup> Id., ¶ 2.  
<sup>3</sup> Id., pp. 2-3, ¶ 3.

4. What type of license or authorization must an entity secure from the IC in order to validly engage as an intermediary in the electronic commerce of insurance products [?]; and

5. What type of authorization or prior approval must an entity secure from the IC for offering insurance products in a mobile application [?]

The Commission resolves the above questions *in seriatim* tackling jointly questions 4 and 5.

**I. A juridical person may act as an insurance agent or broker.**

Section 307 of the Insurance Code, as amended by Republic Act No. 10607 (Insurance Code) reads:

**Section 307. . . .**

No **person** shall **act as an insurance agent or as an insurance broker** in the solicitation or procurement of applications for insurance, or receive for services in obtaining insurance, any commission or other compensation from any insurance company doing business in the Philippines, or any agent thereof, without first procuring a license so to act from the Commissioner, which must be renewed every three (3) years thereafter. . . .

. . . . (*Emphases supplied*)

In relation to this, Section 373 of the Insurance Code provides:

**Section 373.** A license issued to a partnership, association or corporation to act as an insurance agent, general agent, insurance broker, reinsurance broker, or adjuster shall **authorize only the individual named in the license who shall qualify therefor as though an individual licensee.** The Commissioner shall charge, and the licensee shall pay, a full additional license fee as to each respective individual so named in such license in excess of one. (*Emphases supplied*)

By using the word “person”, Section 307 did not limit the privilege to be an insurance agent or broker to a natural person. Section 373 determines who shall represent a juridical person when granted a license: the named individual in the license. Further, both **Insurance Memorandum Circular (IMC) No. 3-93<sup>4</sup>** and **Circular Letter (CL) No. 2018-52<sup>5</sup>** define “person” to include any individual, partnership, association or corporation.<sup>6</sup> Accordingly, a juridical person may be licensed as insurance agent or broker.

---

<sup>4</sup> Entitled “*Licensing of Insurance Agents and General Agents.*”

<sup>5</sup> Entitled “*Guidelines on the Licensing Requirements of Insurance and/or Reinsurance Broker.*”

<sup>6</sup> IMC No. 3-93, § 1(a) and CL No. 2018-52, § 2(d), respectively.

**II. The person named in the insurance agent's or broker's license cannot be outsourced.**

In choosing the person named in the licensed, IMC No. 3-93 states:

3.2. In case the applicant is a partnership, association or **corporation**, such **applicant** must be domiciled in the Philippines and **empowered under its articles of incorporation to transact the kind of business applied for**. The **individual to be named in the licensed applied for must also possess the above qualifications**.

On the other hand, CL No. 2018-52 requires:

Section 8. Soliciting Official. - **A license issued to a broker shall authorize only the individual or individuals named in the license as Soliciting Official.**

An applicant for the issuance of a new broker's is required to nominate a soliciting official, subject to the approval of the Commissioner.

In respect of a sole proprietorship, the sole proprietor shall be deemed to be the Soliciting Officer. In respect of a partnership, the Soliciting Official shall be one of the partners. **In respect of a corporation, the Soliciting Official shall be a full time officer of the corporation.**

Exercise or attempted exercise of such authority by an individual not so named in the license, with the knowledge or consent of the licensee shall constitute cause for the revocation or suspension of the license.

Based on the foregoing, the individual named in the license cannot be outsourced because: (a) in the license for insurance agent, IMC No. 3-93 requires the individual to be empowered under the articles of incorporation of the corporation to transact the business and (b) in the license for insurance broker, CL No. 2018-52 requires the individual to be a full-time officer of the corporation.

**III. MPTM, in offering insurance products in the App, is considered an insurance provider, which includes intermediaries. However, MPTM should be licensed to consider its electronic commerce activity legal.**

Under CL No. 2014-47,<sup>7</sup> any commercial activity that involves buying, selling, or providing insurance products and services online or via the internet is considered electronic commerce.<sup>8</sup> Thus, MPTM's offering of insurance products in the App falls in doing electronic commerce.

---

<sup>7</sup> Entitled, "*Guidelines on Electronic Commerce of Insurance Products*."

<sup>8</sup> *Id.*, § 2.1(c).

Nevertheless, CL No. 2014-47 mandates a person engaged in electronic commerce to have a license,<sup>9</sup> which also includes intermediaries. Therefore, MPTM should secure a license before it offers insurance products in the App.

On the other hand, although MPTM limits its options between an insurance agent and broker, MPTM can also consider applying for a license as an insurance aggregator.

Under CL No. 2018-51,<sup>10</sup> an **insurance aggregator** is an internet-based platform that accumulates and provides insurance policy quotations from various insurance companies based on a predetermined set of needs specified by the prospective client and from which the prospective client can choose from. This method creates an alternative distribution channel through which a customer can obtain insurance.<sup>11</sup> And similar to MPTM's plan, the platform gathers related insurance products from different insurance providers wherein the prospective client can choose through the internet or mobile application.<sup>12</sup>

#### **IV. Requirements for (a) an intermediary to lawfully engage in electronic commerce of insurance products and (b) offering such products in mobile application.**

Now, for MPTM to lawfully engage in electronic commerce of insurance products or services as intermediary, it must first secure a **Certificate of Authority** from the Commission for a specific license it seeks to apply. Application for an insurance agent license requires compliance with **IMC No. 3-93** and its related circulars; for an insurance broker, MPTM must follow **CL No. 2018-52** and its related circulars; and lastly, for an insurance aggregator license, **CL 2018-51** must be observed. For the complete process guide, MPTM may refer to the Commission's **Citizen's Charter**.<sup>13</sup>

Meanwhile, engaging in electronic commerce requires compliance with CL No. 2014-47 and its amendatory circulars, CL No. 2016-15,<sup>14</sup> CL No. 2016-60,<sup>15</sup> and CL No. 2018-07.<sup>16</sup> Let it be emphasized however that an intermediary is "not allowed to approve policies or endorsements or issue such electronic documents thru their website" except when the insurance company provides access to and extends its facilities to the intermediary:

**7.17.** Intermediaries who have a website for electronic commerce of insurance products are **not allowed to approve policies or endorsements or issue such electronic documents thru their website**. This prohibition does not apply when

<sup>9</sup> Id., § 2.1(e). It provides:

**Insurance provider** - refers to a **licensed insurance company** engaging in electronic commerce directly with consumers for the issuance of an insurance contract or to provide insurance services. It may include **licensed intermediaries** as may be authorized by the insurance company to conduct electronic commerce of its insurance policies and mutual benefit association in so far as it concerns the provision of insurance coverage to its members. (*Emphases supplied*)

<sup>10</sup> Entitled "*Guidelines Defining an Online Insurance Aggregator and Providing for the Licensing and Regulation thereof*."

<sup>11</sup> Id., 4<sup>th</sup> Whereas clause.

<sup>12</sup> Id.

<sup>13</sup> It can be accessed through this link: <https://www.insurance.gov.ph/citizens-charter/>.

<sup>14</sup> Entitled, "*Amendments to Guidelines on Electronic Commerce of Insurance Products*."

<sup>15</sup> Likewise entitled, "*Amendments to Guidelines on Electronic Commerce of Insurance Products*."

<sup>16</sup> Entitled, "*Amendment to Item 7.18 of Insurance Commission Circular Letter No. 2014-47 on the Use of Mobile Application for the Distribution of Insurance Products*."

the intermediary is **provided access to the system which the insurer administratively owned and controlled and the insurance company allows to extend its facilities to an intermediary**, such as in the following example:

(a) Online Sales Portals - A portal which the intermediary can use to facilitate the sale and delivery of policies as authorized user by the insurer.

(b) Website Links - The intermediary has his own website with a url/link which redirects to the insurer's online selling site. The customer clicks the links from the intermediary's website, and is then redirected to the provider's website.

(c) Mobile Applications - The intermediary is using the enterprise mobile application authorized for use by the insurer subject to the security arrangement that the insurer provides.

(d) Online Sales Platforms (OSP) - An electronic software program used for ecommerce which allows sellers or merchants to build, manage, and operate online websites or mobile applications where consumers may directly buy their products and avail their service/s.

General agents may be allowed to maintain and operate an OSP for specific insurance products, such as Compulsory Third Party Liability (CTPL) insurance.<sup>17</sup>

With respect to the use of mobile application, MPTM should observe the following:

7.18 The use of the mobile application should be with **prior approval** of the Commission. The mobile application should be registered with the major digital platform like Apple, Inc. App Store and Google, Inc. Google Play and Microsoft Windows Marketplace and must possess the requirements of these guidelines as applicable to the website of the insurance provider.

The mobile insurance application may be pre-installed in the mobile device, an item in the SIM menu of the network carrier, or downloaded by the user through any of the above-cited digital platforms. The mobile application insurance shall only be accessible and used within the Philippine territory. Only approved insurance product shall be distributed in the mobile application and shall comply with existing laws, rules, regulations, and circulars released by this Commission.

Payment of the insurance product availed through the use of the mobile insurance application may be through automatic deduction to the existing load of the user to the network carrier, billed through the postpaid plan, deducted to existing electronic wallet, use of credit or debit card, and use of any accredited online payment system, **subject to existing rules and regulations of the National Telecommunications Commission**.

MPTM is required to make a **proposal for the use mobile application** and file it before the Commission, through the Regulation, Enforcement and Prosecution Division (REPD). The REPD will endorse the proposal for the Commissioner's approval, if found compliant with CL No. 2014-47 and its amendatory circulars.

Considering the foregoing, MPTM should seriously consider as to what type of license it should secure as an insurance provider under CL No. 2014-47 on one hand, or as

---

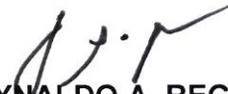
<sup>17</sup> Id.

an insurance aggregator under CL No. 2018-51 on the other, because these circulars provide different set of rules that MPTM should observe in doing insurance business.

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

