



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



Legal Opinion No:	2023-16
Date:	01 August 2023

MR. BENEDICTO C. SISON
Chief Executive Officer and Country Head
Sun Life of Canada (Philippines) Inc.
2F Sun Life Centre
5th Avenue cor. Rizal Drive
Bonifacio Global City, Taguig City

ATTENTION: **MR. HANS JURIS ARTILLERO**
Licensed Financial Advisor
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SUBJECT: **Request for Legal Opinion on the
Interpretation of Section 182 of the
Insurance Code, as amended by Republic
Act No. 10607**

Dear **Mr. Sison**:

This refers to the letter dated 13 June 2023 of Mr. Artillero,¹ requesting for a legal opinion on the interpretation of Section 182 of the Insurance Code, as amended by Republic Act No. 10607 (Insurance Code).

Culled from the letter are the following facts:

"x x x. I have a client who requested that her husband, a revocable beneficiary, be removed from her own policy. However, due to the fact that her minor child is an irrevocable beneficiary, cannot give consent to a policy change. Thus, they required that the father first execute and affidavit of guardianship despite the mother being the policy owner and also equally vested with guardianship rights."

x x x x

"In case of conflict regarding changes in the policy owned by the mother and where her minor child is an irrevocable beneficiary, does the law provide a

¹ A similar request was received on 11 June 2023.

preferential treatment as to the decision of the father (who is merely a beneficiary) as a guardian over that of a mother?"

A scrutiny of the material facts, however, reveals the real question: Whether or not the mother can remove her husband in her policy, designated as revocable beneficiary, without the consent of her child who is a minor and designated as irrevocable beneficiary in the same policy.

The Insurance Code recognizes the right of the insured to change the designated beneficiary in his or her insurance policy, namely:

Section 11. **The insured shall have the right to change the beneficiary he [or she] designated in the policy, unless he [or she] has expressly waived this right in said policy.** Notwithstanding the foregoing, in the event the insured does not change the beneficiary during his lifetime, the designation shall be deemed irrevocable.²

Based on the above provision, the right to change a beneficiary may only be waived by the insured after satisfying the following conditions: (a) the waiver is express, and (b) such waiver is indicated in the policy. Thus, by designating an irrevocable beneficiary, the insured effectively waives his or her right to change such beneficiary in his or her insurance policy.

Once a beneficiary is designated as irrevocable, he or she acquires vested rights in the policy. In *Philippine American Life Insurance Co. v. Pineda*,³ where the insured husband sought amendment of his policy to change the designation of his minor children from irrevocable to revocable before then Court of First Instance (now Regional Trial Court), the Supreme Court ruled:

x x x. In point is an excerpt from the Notes and Cases on Insurance Law by Campos and Campos, 1960, reading —

"The insured . . . can do nothing to divest the beneficiary of his rights without his consent. He cannot assign his policy, nor even take its cash surrender value without the consent of the beneficiary. Neither can the insured's creditors seize the policy or any right thereunder. The insured may not even add another beneficiary because by doing so, he diminishes the amount which the beneficiary may recover and this he cannot do without the beneficiary's consent."

Therefore, **the parent-insured cannot exercise rights and/or privileges pertaining to the insurance contract, for otherwise, the vested rights of the irrevocable beneficiaries would be rendered inconsequential.**

x x x x.⁴

As exemplified by *Philippine American Life Insurance*, the insured's acts that tend to diminish or render nugatory the right of the irrevocable beneficiary under the policy,

² Emphasis and underlining supplied.

³ G.R. No. 54216, 19 July 1989.

⁴ Emphases and underlining supplied.

require consent from the latter. For instance, the following acts are considered detrimental to the irrevocable beneficiary hence the latter's consent is required: assign the policy; take the cash surrender value; allow the creditor to seize the policy or any right therein; and add another beneficiary.⁵

In the present case, the Commission finds that the removal of a revocable beneficiary does not diminish nor detriment the right of the irrevocable beneficiary. In fact, the removal of a revocable beneficiary is even beneficial to him or her (as irrevocable beneficiary) as such act will increase the amount that he or she may receive under the policy.

In all, the consent of the minor child in the removal of his or her father, designated as revocable beneficiary, in the policy is not required. Consequently, Section 182 of the Insurance Code finds no application as the minor child will not exercise his or her right under the policy.

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



⁵ *Supra* note 3.