



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



Advisory No.:	2025-001-A
Classification:	Regulatory and Supervisory Advisory
Date:	31 January 2025

INSURANCE COMMISSION ADVISORY

TO : THE PUBLIC

SUBJECT : PROPOSED CIRCULAR LETTER ENTITLED "GUIDELINES GOVERNING THE CONDUCT OF BUSINESS OF ADJUSTERS AND ADJUSTMENT COMPANIES"

Pursuant to Section 374 of the Insurance Code, as amended, authorizing the Commissioner, in consultation with the duly accredited associations representing the insurance industry, to adopt and promulgate a code of conduct to promote integrity, honesty, and ethical business practices among insurance agents, distributors, and other intermediaries, the Commission prepared a draft Circular Letter establishing the guidelines governing the conduct of business of adjusters and adjustment companies.

Relative thereto, the public is hereby requested to provide comments to the attached draft Circular Letter.

The comments shall be submitted to the Regulation, Enforcement and Prosecution Division within fourteen (14) calendar days after the issuance of this Advisory through email at repd@insurance.gov.ph with subject "**COMMENTS ON THE PROPOSED GUIDELINES GOVERNING THE CONDUCT OF BUSINESS OF ADJUSTERS AND ADJUSTMENT COMPANIES**".

Thank you.


REYNALDO A. REGALADO
Insurance Commissioner



Circular Letter (CL)	
No.:	
Date:	

CIRCULAR LETTER

TO : ALL PERSONS, PARTNERSHIPS, ASSOCIATIONS AND CORPORATIONS DOING BUSINESS IN THE PHILIPPINES AS INSURANCE ADJUSTERS

SUBJECT : GUIDELINES GOVERNING THE CONDUCT OF BUSINESS OF ADJUSTERS AND ADJUSTMENT COMPANIES

WHEREAS, the Insurance Commissioner is empowered to approve rules, regulations, orders, and issue opinions and provide guidance in the exercise of its regulatory powers as provided under the Insurance Code, as amended by R.A. No. 10607;

WHEREAS, it is the duty of Adjusters to make a proper and honest valuation of loss, to make a report of the proposed adjustment within the period provided by the Insurance Code, to submit to the Commission a quarterly report of all adjustments effected by him or her in accordance with Section 340 of the Insurance Code, as amended by R.A. No. 10607, and Insurance Memorandum Circular No. 4-39, and to maintain the method of doing business that is fair, just and honest;

WHEREAS, the ethical conduct of business practices and acts of adjusters and adjustment companies are not well defined in the Insurance Code, as amended by R.A. 10607, and other relevant rules, regulations, and orders issued by the Commission;

WHEREAS, there is a necessity to define the ethical conduct of business practices and acts of adjusters and adjustment companies to protect the interest and welfare of the insuring public and to impose penalties for violations thereof which are not provided under Section 339 and Section 443 of the Insurance Code, as amended by R.A. No. 10607;

WHEREAS, Section 374 of the Insurance Code, as amended by R.A. 10607, authorizes the Commissioner to adopt and promulgate a code of conduct to promote integrity, honesty, and ethical business practices among insurance agents, distributors, and other intermediaries;

NOW, THEREFORE, by virtue of the powers vested in the Insurance Commissioner under Section 437 (d) of the Insurance Code, as amended by R.A. No. 10607, the following **Guidelines Governing the Conduct of Business of Adjusters and Adjustment Companies** are hereby promulgated:

Section 1. Applicability

These Guidelines shall govern all adjusters and adjustment companies, licensed by the Insurance Commission, arising from their contractual relationships as such.

Section 2. Definition of Terms

When used in this Circular, the following terms shall mean:

- a) **"Adjustment"** - Process of ascertaining the liability of the insurer (or proportionate share in the liability of each insurer if there is more than one) arising under an insurance contract or policy and the amount of indemnity which the insured is entitled to receive under said contract or policy;
- b) **"Adjuster"** - Any person, partnership, association, or corporation duly licensed by the Commission which, for money, commission, or any other thing of value, acts for or on behalf of the insurer or the insured;
- c) **"Commission"** - Insurance Commission;
- d) **"Commissioner"** - Insurance Commissioner;
- e) **"Claim"** - A request or a demand for payment of proceeds or benefits under an insurance policy;
- f) **"Claimant"** - The insured, beneficiary, or any of their authorized representative/s;
- g) **"Documentation"** - All pertinent communications, receipts, bills, records, reports, and all other papers relative to the insurance claim;
- h) **"Independent Adjuster"** - Acts on behalf of an insurer in the adjusting of claims arising under insurance contracts or policies issued by such insurer;
- i) **"Insurance Code"** - The Insurance Code of the Philippines, as amended by R.A. 10607, including any amendments thereto;
- j) **"Insurer"** - Any person, partnership, association, or company duly authorized to transact insurance business as set forth in Section 6 of the Insurance Code;
- k) **"Investigation"** - All activities of an insurer related to the determination of liabilities under the coverage of an insurance contract;
- l) **"Liability"** - Obligation of an insurer under an insurance policy.
- m) **"Person"** - May refer to natural or juridical person;
- n) **"Policy"** - A written instrument approved by the Insurance Commission in which a contract of insurance is set forth including but not limited to riders, endorsements, certificates of cover, certificates of membership;
- o) **"Public Adjuster"** - Acts on behalf of the Insured in negotiating for, or effecting the settlement of claim or claims of the said insured arising under insurance contracts or policies;
- p) **"Proof of Loss"** - Documents given by the insured or claimant under the policy upon the occurrence of loss.

Section 3. Code of Conduct of Adjusters

The following outlines the professional standards and ethical principles that adjusters must observe to ensure integrity, fairness, and accountability in their practice:

- a) Adjusters must act with honesty, fairness, and clarity in all their dealings, ensuring that their actions and decisions are free from misrepresentation or fraud.
- b) Adjusters must process claims promptly, impartially, and in a manner that ensures equitable treatment for all parties.
- c) Adjusters and adjustment companies must ensure that employees are properly supervised and tasks are delegated only to qualified and licensed individuals.
- d) Adjusters and adjustment companies must comply with regulatory requirements by responding to inquiries promptly, ensuring confidentiality, and maintaining accurate and accessible records.
- e) Adjusters must avoid conflicts of interest and adhere strictly to their assigned roles and responsibilities without compromising their impartiality.
- f) Adjusters must uphold the highest standards of professionalism, fostering trust and credibility in all their interactions and decisions.

Section 4. The following acts shall constitute unsafe business conduct of adjusters and adjustment companies, to wit:

A. Misrepresentation to the Public

- 1) Concealing of information that he or she is under the employment of the Insured or Insurer;
- 2) Maintaining a direct or indirect financial interest in any aspect of the claim, other than salary, fee, or other considerations established with the insurer or insured;
- 3) Providing favored treatment to any claimant/s;
- 4) Negotiating settlement directly or indirectly with any third-party claimant represented by an attorney at law, if the adjuster has knowledge of such representation, except with the consent of the attorney;
- 5) Encouraging the Insured or Insurer to commit an illegal act pertaining to the claim;
- 6) Engaging the services of a person or entity not authorized by the Commission to act as adjusters or adjustment companies.

B. Unfair Claims Management

- 1) Knowingly making a False Statement pertaining to the evaluation of Loss;
- 2) Withholding or destroying evidence, whether directly or indirectly, that is vital in the settlement of the claim;
- 3) Conducting investigations, adjustments, and settlements in a manner prejudicial to the insured or insurer;
- 4) Requiring the submission of documents which are excessive or non-essential to the claim;
- 5) Providing untruthful and biased reports of the facts after completing a thorough investigation;
- 6) Delaying the investigation of Claims;
- 7) Willful negligence and deliberate failure to make a proper evaluation of Loss.

C. Failure to effectively control and/or supervise its employees

- 1) Assignment of Adjustment to an unqualified person or entity without technical competence and/or without the necessary license issued by the Commission;
- 2) Failure to effectively control and supervise its employees.

D. Failure to Respond to Regulatory Inquiries

- 1) Failure to timely submit the required investigation report;
- 2) Failure to maintain confidentiality of the information that they collect and hold even after the claim has already been paid;
- 3) Soliciting employment for, recommending, or otherwise soliciting engagement, directly or indirectly, for any attorney at law, contractor, or subcontractor, in connection with any loss or damage for which the adjuster is employed;
- 4) Failure to timely submit the Adjuster's quarterly report;
- 5) Prevent the examination of the affairs and method of doing business of licensed adjuster/s;
- 6) Failure of every adjuster to keep its books, records, reports, accounts, and vouchers available for verification by the Commissioner or his or her duly authorized representatives.

E. Conflict of Interest of Adjusters and Adjustment Companies

- 1) No licensed adjuster shall act as both an independent and public adjuster;
- 2) No licensed independent adjuster shall act as an adjuster of a private company;
- 3) No licensed public adjuster shall act as an adjuster of an insurance company;
- 4) A lawyer who obtains an independent adjuster is barred from acting as an adjuster for the insured, even when the said act is merely an incident to the practice of law.

Section 5. Penalties If, after notice and und, the Commission determines that the person/s or entity/ies charged has engaged in prohibited act/s as defined under this Circular, the Commissioner shall issue a Written Order, Resolution or Decision containing the said findings and shall, in his or her discretion, impose the following fines, to wit:

A. FIRST OFFENSE

1. Php. 5,000.00 for each and every conduct or violation but not to exceed an aggregate fine of Php. 25,000.00 in any conduct or violation committed for the same purpose, in the same incident, and against the same person or entity.

2. If the conduct or violation is willful and deliberate, a fine of Php. 25,000.00 for each and every conduct or violation but must not exceed an aggregate fine of Php. 50,000 in any conduct or violation committed for the same purpose, in the same incident, and against the same person or entity.

B. SECOND OFFENSE

1. Php. 25,000.00 for each and every conduct or violation but not to exceed an aggregate fine of Php. 50,000.00 in any conduct or violation committed for the same purpose, in the same incident, and against the same person or entity.
2. If the conduct or violation is willful and deliberate, a fine of Php. 50,000.00 for each and every conduct or violation but must not exceed an aggregate fine of Php. 100,000.00 in any conduct or violation committed for the same purpose, in the same incident, and against the same person or entity.

C. THIRD AND SUBSEQUENT OFFENSE

1. Php. 50,000.00 for each and every conduct or violation but not to exceed an aggregate fine of Php. 100,000.00 in any conduct or violation committed for the same purpose, in the same incident, and against the same person or entity.
2. If the conduct or violation is willful and deliberate, a fine of Php. 100,000.00 for each and every conduct or violation but must not exceed an aggregate fine of Php. 150,000.00 in any conduct or violation committed for the same purpose, in the same incident and against the same person or entity.

Notwithstanding the fines stated in this Section, the Commissioner in his or her discretion may impose additional penalties depending upon the gravity or frequency of the commission of the offense and other circumstances that warrant the imposition of a lower or more severe amount of fines and penalties than that prescribed in this Circular.

The imposition of penalties such as fine, suspension, or removal of directors, officers, employees and/or agents of adjusters or adjustment companies found to have violated this Circular as the circumstances would warrant is subject to the evidence presented by the claimant/s notwithstanding the discretion given to the Commissioner by this Circular.

Section 6. Repealing Clause

All circulars, rules, and regulations or parts thereof that are inconsistent with the provisions of these Guidelines are deemed repealed, superseded or modified accordingly.

Section 7. Separability Clause

If any provision of this Circular Letter shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

Section 7. Effectivity

This Circular shall take effect immediately.

For the information and guidance of all concerned parties.

REYNALDO A. REGALADO
Insurance Commissioner