

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



Thirteenth Congress
First Regular Session

HOUSE BILL NO. 4549

Introduced by Honorable BIENVENIDO M. ABANTE, JR.

EXPLANATORY NOTE

The business of insurance by its very nature is clothed with public interest.

There are disturbing reports on unjust, unfair or delayed settlement of claims by some insurance companies, that 372 complaints for the year 2004 to may 2005 were filed with the Insurance Commission against 35 insurance companies involving claims arising from vehicular accidents and/or losses of motor vehicles alone.

It is the aim of this bill to: provide a time frame for the settlement or denial of insurance claims to enable concerned parties to take legal actions as may be warranted; impose stiffer sanctions against insurance and adjustment companies for delayed actions on insurance claims; increase the jurisdictional amount of the Insurance Commissioner; prohibit employees of insurance companies from adjusting any claim against non-life insurance policies issued by such company; and increase the penalties for violation of the Insurance Code.

The immediate passage of this Bill is therefore earnestly requested.


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AN ACT
AMENDING SECTIONS 187, 241, 247, 325, 330, 385, 416 AND 419 OF
PRESIDENTIAL DECREE NO. 612, OTHERWISE KNOWN AS THE INSURANCE
CODE, AS AMENDED BY PRESIDENTIAL DECREE NO. 1455.

Be it enacted by the Senate and the House of Representatives of the Philippines in
Congress assembled.

Section 1. SEC. 187 of Presidential Decree No. 612 is hereby amended to read as
follows:

“SEC.187. No insurance company shall transact business in the Philippines until it
shall have obtained a certificate of authority x x x.

“The Commissioner may refuse to issue a certificate of authority to any insurance
company x x x.

“In order to maintain the quality of the management of insurance companies x x x.”

“No person shall concurrently be a Director and/or Officer of an insurance company
and adjustment company.

“Incumbent Directors and/ or Officers affected x x x.

“Before issuing such certificate of authority, the Commissioner x x x.

“Such certificate of authority shall expire on the last day of June of each year and
shall be renewed annually x x x. Every Company receiving any such certificate of authority
shall be subject to the provisions of this Code and other related laws and to the jurisdiction
of the Commissioner: PROVIDED, THAT THE CERTIFICATE OF AUTHORITY OF
AN INSURANCE COMPANY AGAINST WHOM ANY COMPLAINT IS PENDING
BEFORE THE INSURANCE COMMISSIONER OR THE REGULAR COURTS BY
REASON OF OR IN CONNECTION WITH DENIED OR UNSETTLED CLAIMS
UNDER ANY POLICY ISSUED BY IT, OR UNPAID ADJUSTERS FEES, SHALL NOT
BE RENEWED.

“No insurance company may be authorized to transact in the Philippines the
business of life and non-life insurance x x x.

“No insurance company shall have any equity x x x.

“Insurance companies and adjustment companies x x x.

SEC. 2. SEC. 241 of the same Decree is hereby amended to add the following paragraphs:

“SEC. 241. (1) x x x x x x.

“(a) x x x x x x x x x;

“(b) x x x x x x x x x;

“(c) x x x x x x x x x;

“(d) x x x x x x x x x;

“(e) x x x x x x x x x;

“(2) x x x x x x x x x;

“(3) x x x x x x x x x;

“(4) ALL CLAIMS UNDER A NON-LIFE INSURANCE POLICY SHALL BE ASSIGNED BY THE INSURANCE COMPANY FOR ADJUSTMENT AND RECOMMENDATION FOR SETTLEMENT OR DENIAL TO AN INDEPENDENT ADJUSTER.

“(5) THE POLICY HOLDER OR CLAIMANT SHALL SUBMIT TO THE ADJUSTER AND THE INSURANCE COMPANY ALL THE DOCUMENTS TO ESTABLISH AND SUPPORT THE OCCURRENCE OF A PERIL INSURED AGAINST AND HIS CLAIM.

“(6) THE ADJUSTER SHALL SUBMIT TO THE INSURANCE COMPANY HIS FINAL REPORT WITH RECOMMENDATION FOR SETTLEMENT OR DENIAL OF THE CLAIM FILED UNDER THE POLICY NOT LATER THAN THIRTY (30) DAYS FROM SUBMISSION BY THE INSURED OR POLICY HOLDER AND THE CLAIMANT OF THE DOCUMENTS REFERRED TO IN PARAGRAPH 5 HEREOF.

“(7) THE COMPENSABILITY OR DENIAL OF A CLAIM OR THE AMOUNT OF SETTLEMENT SHALL FINALLY BE DETERMINED BY THE INSURANCE COMPANY AND THE ADJUSTER’S REPORT AND RECOMMENDATION SHALL BE MERELY PERSUASIVE IN CHARACTER AND NOT CONCLUSIVE UPON THE INSURANCE COMPANY.

“(8) CLAIMS UNDER A NON-LIFE INSURANCE POLICY SHALL BE SETTLED OR DENIED BY THE INSURANCE COMPANY WITHIN TWENTY (20) DAYS FROM SUBMISSION BY THE ADJUSTER OF HIS FINAL REPORT AND RECOMMENDATION, OR FROM THE SUBMISSION BY THE POLICY HOLDER OR THE CLAIMANT TO THE INSURANCE COMPANY OF THE DOCUMENTS REFERRED TO IN PARAGRAPH 5 HEREOF IN THE CASE OF LIFE INSURANCE POLICY.

“(9) ADJUSTERS FEES SHALL BE PAID BY THE INSURANCE COMPANY WITHIN TWENTY (20) DAYS FROM SUBMISSION BY THE ADJUSTER OF HIS FINAL REPORT AND RECOMMENDATION, AND ADJUSTER’S FEES NOT PAID WITHIN THE SAID PERIOD SHALL EARN INTEREST AT THE RATE OF TWELVE PERCENT (12%) PER ANNUM.

“(10) COMPLAINTS AGAINST INSURANCE COMPANIES ARISING FROM DENIALS OR DELAYED SETTLEMENT OF CLAIMS INCLUDING ADJUSTER’ FEES, AND COMPLAINTS AGAINST ADJUSTERS FOR DELAYS IN SUBMITTING THEIR FINAL REPORTS AND RECOMMENDATIONS TO THE INSURANCE COMPANY OR FOR RECOMMENDING DENIAL OF A CLAIM BASED ON

HEARSAY EVIDENCE MAY BE FILED EITHER BEFORE THE INSURANCE COMMISSIONER OR THE REGULAR COURTS, AND THE DISMISSAL OR DECISION BY EITHER SHALL CONSTITUTE RES JUDICATA.”

SEC. 3. SEC. 247 of the same Decree is hereby amended to read as follows:

“SEC. 247. if the Commissioner is of the opinion x x x that a domestic or foreign insurance company is in an unsound condition, xxx, or that the margin of solvency required of such company is deficient, OR IF SUCH COMPANY FAILS TO COMPLY WITHOUT JUST CAUSE WITH THE PERTINENT PROVISIONS OF SECTION 241 HEREOF, the Commissioner is authorized to suspend or revoke all certificates of authority granted to such insurance company, xxx. Before restoring such authority, the Commissioner shall require the company concerned to submit to him a business plan xxx, AND A CLEARANCE UNDER OATH THAT THERE IS NO COMPLAINT PENDING AGAINST IT BEFORE THE INSURANCE COMMISSIONER AND THE REGULAR COURTS ARISING FROM PATENTLY BASELESS DENIALS OR NON-SETTLEMENT OF CLAIMS UNDER A POLICY ISSUED BY IT OR FOR NON- PAYMENT OF ADJUSTER’S FEES.:

SEC. 4. SEC. 325 of the same Decree is amended to read as follows:

“SEC. 325. For every line of insurance claim adjustment, adjusters shall be licensed either as independent adjusters or public adjusters. x x x.

“No salaried employee of an insurance company SHALL ADJUST ANY CLAIM filed under policies issued by such insurance company EXCEPT LIFE INSURANCE POLICIES.”

SEC. 5. SEC. 330 of the same Decree is hereby amended to read as follows:

“ SEC. 330. The Commissioner may suspend or revoke any adjuster’s licence if, x x x the Commissioner finds that said adjuster (1) has violated any provision of this Code x x x; or (2) x x x; or (3) x x x; or (4) x x x; or (5) x x x; or (6) has failed to COMPLY WITH THE PERTINENT PROVISIONS OF SECTION 241 HEREOF, unless prevented so to do by reasons beyond his control; or (7) HAS RECOMMENDED DENIAL OF A CLAIM ON THE BASIS OF A HEARSAY EVIDENCE; or has refused to allow an examination into his affairs or method of doing business as herein provided.”

SEC. 6. SEC. 385 of the same Decree is hereby amended to read as follows:

“SEC. 385. CLAIMS UNDER THIS CHAPTER SHALL BE ADJUSTED AND SETTLED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 241 HEREOF: PROVIDED, THAT PAYMENT OF the “no-fault” indemnity provided in section three hundred seventy eight SHALL BE without prejudice to the claimant from pursuing his claim further x x x.”

SEC. 7. SEC. 416 of the same Decree is hereby amended to read as follows:

“SEC. 416. The Commissioner shall have the power to adjudicate claims and complaints involving any loss, damage or liability, INCLUDING ADJUSTERS FEES, for which an insurer may be answerable x x x, where the amount of such loss, damage or liability OR FEE, excluding interests, x x x does not exceed in any single claim FOUR hundred thousand pesos.

“The insurer or surety may x x x.

“The insurer or surety may also file a cross claim x x x.

“With leave of the Commissioner, an insurer or surety may file a third party complaint x x x.

“The party filing on action x x x.

“The authority to adjudicate granted to the Commissioner x x x, but the filing of a complaint with the Commissioner shall preclude the civil courts, AND VICE VERSA, from taking cognizance of a suit involving the same subject matter AND THE SAME PARTIES.

“Any decision, order or ruling by the Commissioner after hearing shall have the force and effect of judgment x x x.

“As soon as a decision, order or ruling have become final and executory, x x x, is empowered to administer oaths and affirmation, x x x.

“A full and complete record shall be kept of all proceedings x x x.

“A transcribed copy of the evidence and proceedings, x x x may be received as evidence x x x.”

SEC. 8. SEC. 419 of the same Decree is hereby amended to read as follows:

“SEC. 419. Any person, company or corporation x x x who violates any of the provisions of this Code, x x x, shall be punished by a fine OF NOT LESS THAN FIFTY THOUSAND PESOS (P50,000.00) NOR MORE THAN ONE HUNDRED THOUSAND PESOS (P100,000.00) AND IMPRISONMENT OF NOT LESS THAN TWO (2) YEARS NOR MORE THAN FOUR (4) YEARS AT HE DISCRETION OF THE COURT.

“If the offense is committed by a company or corporation, the officers x x x, shall likewise be guilty of a penal offense, and x x x be punished by a fine OF NOT LESS THAN ONE HUNDRED FIFTY THOUDAND PESOS (P150, 000.00) AND IMPRISONMENT OF NOT LESS THAN THREE (3) YEARS NOR MORE THAN FOUR (4) YEARS, at the discretion of the court.”

SEC. 9. Amendatory Clause. All laws, rules or regulations inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC 10. Effectivity.- This Act shall take effect fifteen (15) days following its publication in at least two newspapers of general circulation.

Approved,