

LEGAL
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Insurance Web Aggregators Now Under Watch by the Insurance Commission

Insurance web aggregation is an alternative distribution channel whereby a customer can obtain insurance through the internet or mobile application. Insurance web aggregators are internet-based platforms that provide insurance policy quotations from various insurers based on pre-determined set of needs provided by clients.

Section 50 of the Insurance Code, as amended, allows the policy to be in electronic form subject to the Electronic Commerce Act and to such regulations as may be prescribed by the Insurance Commissioner. Pursuant thereto, the Insurance Commission (“IC”) promulgated the Guidelines on Electronic Commerce of Insurance Products in 2014, providing a uniform framework on online solicitation of insurance products by industry players, putting online selling of insurance products within the supervision and regulation of the IC. Such framework includes minimum requirements regarding information that must appear in the insurance provider’s website, the proper language used on such website, the reasonable steps to be undertaken with respect to contract formation and execution online, measures to ensure compliance with data privacy and other applicable laws, security of payment, complaint handling and/or dispute resolution, and unsolicited email.

To further fulfill its mandate of safeguarding consumers with respect to insurance products sold or solicited online, the IC has set new rules for the regulation and supervision of insurance web aggregators or the so-called “price comparison websites”. Based on IC Circular Letter 2018-51, the objective is to supervise and monitor insurance web aggregators as an insurance intermediary that maintains a website for providing insurance prospect with price comparison and information on products sold by different insurers.

For the grant of licence/renewal, which shall be valid for 3 years from the grant or renewal, the said circular letter requires the applicant to fulfill and submit the following:

- a. Letter of Intent to engage in online aggregation of insurance products, duly signed by the President or Chief Executive Officer, addressed to the Insurance Commissioner, together with the payment of PHP50,500 (or about USD940) inclusive of legal research fee;
- b. Certificate of Registration with the Securities and Exchange Commission (“SEC”) and Bureau of Internal Revenue (“BIR”);
- c. Certified copy of the Articles of Incorporation/Partnership/Cooperation, By-laws and any amendments;
- d. Copy of the business model and system framework or module of operation;
- e. Copy of the aggregation agreement with insurance companies; and
- f. Any other documents deemed necessary by the Insurance Commission.

With regard to item (e) above, the online aggregators and insurance companies must incorporate in their agreement several provisions laid out in the circular letter, as follows:

1. That the online insurance aggregator is not engaged in any business other than the objective of web based aggregation, and that it is not particularly engaged in acts similar to an insurance agent or broker;
2. That the applicant shall not have any exclusive arrangement with insurance companies or other regulated entities;

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3. That product information displayed by insurance aggregators shall be authentic and be based solely on information received from the insurers or other regulated entities;
 4. That the contents of the website shall be unbiased and factual in nature;
 5. That product comparison displayed shall be up to date and reflect the true features of the product; and
 6. That the parties warrant to comply with existing laws and regulations such as but not limited to the Data Privacy Act of 2012.

Insurance Commissioner Dennis Funa said that the IC recognises the increasing number of insurance comparison websites and the important role they play in boosting the online market for insurance products. Thus, the IC recognises the need to regulate these platforms to ensure that both the insuring public and the insurance industry are protected.

If you have any questions or require any additional information, please contact [Felix Sy](#) or [Lorybeth Baldrias Serrano](#) or the ZICO Law partner you usually deal with.

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