

**[ BSP CIRCULAR NO. 683, S. OF 2010, February 23, 2010 ]**

**MARKETING, SALE AND SERVICING OF MICROINSURANCE PRODUCTS**

In order to better serve microfinance clients pursuant to the financial inclusion thrust of National Strategy and Regulatory Framework for Microinsurance, a rural, cooperative or thrift bank, including its authorized branch/es, extension office/s and other banking offices (OBOs), can present, market and sell microinsurance products as defined under the Insurance Commission's Memorandum Circular (IMC) No. 1-2010<sup>[1]</sup>, provided that the microinsurance product is duly approved by the Insurance Commission.

The presentation, marketing and sale of microinsurance products by rural, cooperative and thrift banks has been determined to be a necessary and complementary component of the primary business of rural, cooperative and thrift banks considering the relationship of the latter with their microfinance clients. For this purpose, the Monetary Board has defined that for rural, cooperative and thrift banks, microinsurance products as defined under IMC No. 9-2006<sup>[2]</sup> and 1-2010<sup>[3]</sup> shall serve as a "financial product of an allied undertaking" under Section 20 of the General Banking Law.

A rural, cooperative or thrift bank can also service (i.e., collect premiums and pay claims) microinsurance products as collection and payment agents pursuant to Section 53.3 of the General Banking Law.

A rural, cooperative or thrift bank which intends to avail of the option to market or sell microinsurance products shall ensure that microinsurance products presented and marketed are clearly distinguishable from bank products. Towards this end, all organic documents, informational and promotional materials used in the presentation and sale of these products shall prominently display both the name of the issuing insurance provider and a clause stating that the insurance product/s of (name of issuing insurance provider) is/are not insured by the Philippine Deposit Insurance Corporation and is/are not guaranteed by the (name of bank)". The bank shall also ensure compliance with pertinent laws and rules on the sale of microinsurance products set by the Insurance Commission. As part of product due diligence, the bank should check whether the microinsurance product-issuing insurance provider has a functioning customer care and claims-handling mechanism to handle consumer protection issues.

A bank, prior to selling and/or marketing microinsurance products, shall submit the following documents to the BSP as bases for the latter's evaluation:

1. Copy of the approval of the bank's board of directors on the presentation, sale and servicing (i.e. collect premiums and pay claims) of microinsurance products;