

[IC CIRCULAR LETTER, October 30, 1985]

**SALE OF DOLLAR OR FOREIGN DENOMINATED INSURANCE
POLICIES IN THE PHILIPPINES**

Reports have been received lately that insurance policies denominated in US dollar or other foreign currencies are being sold and marketed locally. In this connection, the attention of all insurance companies is invited to Section 1 of Republic Act No. 529, as amended by Republic Act No. 4100, otherwise known as the "Uniform Currency Law" which, insofar as pertinent, provides as follows:

"Section 1. Every provision contained in,... any obligation contracted in the Philippines which provision purports to give the obligee the right to require payment in ...a particular kind of ... currency other than Philippine Currency or in an amount of money of the Philippines measured thereby, ...is... declared *against public policy, and null, void, and of no effect, and no such provision shall be contained in or made in respect to, any obligations ... incurred.*" (underscoring supplied)

Obligatory as it is to all insurance companies, non-compliance therewith shall subject the erring insurance company either to suspension or revocation of its certificate of authority to do business, as well as those of its officers and agents, under the pertinent provisions of Sections 187 and 247 of the Insurance Code (P.D. No. 1460), as follows:

"Section 187..... Every company receiving any such certificate of authority shall be subject to the provisions of this Code, and *other related laws*" (underscoring supplied)

"Section 247. If the Commissioner is of the opinion upon ... evidence that any domestic or foreign insurance company ... has failed to comply with the provisions of law or regulations obligatory upon it, the Commissioner is authorized to suspend or revoke all certificates of authority granted to such insurance company, its officers and agents, ..." (underscoring supplied)

In case of foreign-currency-denominated insurance policies covering risks, life or non-life, situated in the Philippines issued by any foreign insurance company not authorized to transact business in this country, both the agents and/or representatives engaged in selling and the party buying such kind of insurance policies shall be deemed guilty of a penal offense and are subject to penalties under Section 309 of the same Code, which reads as follows:

"Section 309. Except as otherwise provide by law or treaty, it shall be unlawful for any person, partnership, association or corporation in the Philippines, for himself or itself, or for some other person, partnership, association or corporation, either to procure, receive or forward