

[IC CIRCULAR LETTER NO. 15-2007, August 07, 2007]

GUIDELINES FOR THE IMPLEMENTATION OF KNOW YOUR CUSTOMERS (KYC) AND CUSTOMER DUE DILIGENCE (CDD) REQUIREMENTS

This refers to the expressed practical concerns of Insurance Commission (IC)-covered institutions in complying with the Commission's KYC & CDD requirements stated in its Circular Letters 4-2004, 14-2004 and 13-2005.

The Commission acknowledges the said valid concerns and hereby addresses them by rationalizing the KYC rules and simplifying the CDD requirements in cases of low risk customers and transactions which are not susceptible to money laundering. It must be emphasized, however, that the aim of this Circular is to clarify the issues in such a way that the requirements will not impede or delay the insurance transactions nor frustrate the objectives of the Anti-Money Laundering Act (AMLA) of 2001, as amended by Republic Act 9194 and its Revised Implementing Rules and Regulations (IRR).

Hence, the Commission hereby issues this Circular to provide guidance to all IC-covered institutions in complying with the KYC & CDD requirements of the law.

I.

Customer Identification and ID Requirement

1. Clients who engage in a financial transaction with IC-covered institutions for the first time shall be required to present the original and submit a copy of at least one (1) valid and highly credible photo-bearing identification document (Highly Credible ID) issued and signed by an official authority. Highly Credible photo-bearing ID includes any one of the following:

- Passport
- Driver's License
- Professional Regulations Commission (PRC) ID
- Police Clearance
- Postal ID
- Voter's ID
- Photo-Bearing Barangay ID/Certification
- GSIS e-Card
- SSS Card
- PhilHealth Card
- Senior Citizen's Card
- Overseas Workers Welfare Administration (OWWA) ID
- OFW ID

- Seaman's Book
- Alien Certificate of Registration/Immigrant Certificate of Registration
- Government Office ID (e.g. AFP, Home Development Mutual Fund, Department of Education IDs) and IDs issued by government instrumentalities
- Photo-Bearing ID/Certification from the National Council for the Welfare of Disabled Persons (NCWDP)
- Department of Social Welfare and Development (DSWD) photo-bearing ID/Certification
- Firearms License
- ID issued by the Bureau of Internal Revenue
- Photo-Bearing Credit Card
- Photo-Bearing Health Card issued by Health Maintenance Organizations

Non-photo-bearing IDs/documents issued by official authorities such as birth certificates and IDs issued by private companies whether photo-bearing or not such as employment IDs and credit cards (Substitute IDs) shall be allowed if the applicant cannot produce a photo-bearing ID/documents issued by official authorities at the time of the initial contact. Provided, however, that the agent or insurer shall verify the identity of the applicant and make the production of the photo-bearing ID a continuing formal requirement during the duration of the policy and at the time the policy holder files his claim.

For any significant transactions subsequent to the initial contact, such as reinstatements, policy renewals, change of beneficiary, policy surrenders, policy loan availments or benefit claims, an update of the existing records and documents would suffice. However, for policies with no significant subsequent transactions, an update shall be made at least once every two years.

2. Where no facility or equipment for photocopying or reproduction is readily available, it is sufficient that the original Highly Credible IDs or Substitute IDs are presented by the client to the agent provided that the agent shall certify on the face of the application or any pertinent document evidencing the transaction that he had seen the original Highly Credible IDs or Substitute IDs and that the documents belong to the applicant. Provided, further, that the agent shall require subsequent submission of the photocopies of the IDs during the duration of the policy.

3. In all cases, the required minimum KYC information enumerated under Rule 9.1.c of the Revised IRR should be fully complied with. The insurer may require more than one ID in order to satisfy the minimum requirements.

II.

Telemarketing, Direct Marketing and Selling of Insurance Products through SMS or Texting

In case of telemarketing, selling of insurance products via Short Message Sending (SMS) and direct marketing thru mail and publication by print, radio or television, there shall be no need to meet face-to-face with the client, provided, however, that the premium payable on the policy shall be minimal. "Minimal premium" shall mean an annual premium not exceeding Fifty Thousand Pesos (P50,000.00), or single