



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE DEPUTY GOVERNOR
SUPERVISION AND EXAMINATION SECTOR

MEMORANDUM NO. M-2011- 015

To : ALL RURAL, COOPERATIVE AND THRIFT BANKS

Subject : Reminder on the Proper Offering of Microinsurance Services

This is to remind that only authorized Banks are allowed to engage in the presentation, marketing, sale and servicing of microinsurance products. In view of this, the Insurance Commission (IC) and the Bangko Sentral ng Pilipinas (BSP) have issued the following pertinent regulations:

- IC Memo Circular No. 1-2010 – Regulations for the Provision of Microinsurance Products and Services (dated 29 January 2010);
- IC Memo Circular No. 5-2011 – Performance Standards for Microinsurance;
- IC Memo Circular No. 6-2011 – Guidelines for the Approval of Training Programs and Licensing of Microinsurance Agents; and
- BSP Circular No. 683 – Marketing, Sale and Servicing of Microinsurance Products (dated 23 February 2010).

Banks interested to offer microinsurance services are required, among other things, to enter into an agreement with a duly authorized insurance provider which has the responsibility of ensuring that each of the microinsurance product to be marketed or sold by the bank, is approved by the IC. For this purpose, the applicant bank (the "Agent") may utilize the Performance Standards for Microinsurance as stated under IC Memo Circular No. 5-2011 in selecting the appropriate insurance provider (the "Principal").

To act as a microinsurance agent of an authorized insurance provider, a bank needs to acquire the appropriate license from the IC. The requirements for such application consist of: (i) attendance of prescribed microinsurance training course and passing the qualifying examination at the end of the course; and (ii) amending a bank's articles of incorporation (AOI). In view of the latter requirement, applicant banks shall amend their AOI by including a secondary purpose of acting as a microinsurance agent, and shall submit simultaneously the amended AOI to the appropriate BSP office and the IC.

Considering the period of time needed to complete an evaluation of a bank's amendment to its AOI, the BSP, upon receipt of a bank's intention to act as a microinsurance agent and after determining that the bank has no serious supervisory concerns, shall issue a "No Objection" notice. This "No Objection" notice, together with other requirements, shall serve as the basis for the IC to issue the appropriate license to the applicant bank. However, the licensed bank shall submit the approved amended AOI on or before 30 June 2012; otherwise, the license shall no longer be renewed.

Unauthorized conduct of microinsurance as well as other insurance-related activities shall subject a bank and/or the responsible directors and/or officers of the bank to the applicable sanctions and/or penalties under existing banking laws, rules and regulations.



NESTOR A. ESPENILLA, JR.
Deputy Governor

18 March 2011