



HOUSE OF REPRESENTATIVES

H. No. 6654

BY REPRESENTATIVES GARIN (S.), RODRIGUEZ, SALCEDA, BENTEZ, SANGCOPAN, GORRICETA, BIAZON, AUMENTADO, SINGSON-MEEHAN, AGLIPAY, BARONDA, QUIMBO, VILLAFUERTE, BELMONTE, DE VENECIA, GONZAGA, MATUGAS AND NATIVIDAD-NAGAÑO, PER COMMITTEE REPORT NO. 302

AN ACT REORGANIZING AND CONVERTING THE INSURANCE COMMISSION INTO A COLLEGIAL BODY, AMENDING SECTIONS 437, 438 AND 439 OF REPUBLIC ACT NO. 10607, OTHERWISE KNOWN AS "THE INSURANCE CODE", AS AMENDED

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 SECTION 1. Section 437 of Republic Act No. 10607 is hereby
2 amended to read as follows:

3 "SEC. 437. [The Insurance Commissioner shall be
4 appointed by the President of the Republic of the
5 Philippines for a term of six (6) years without
6 reappointment and who shall serve as such until
7 the successor shall have been appointed and qualified.
8 If the Insurance Commissioner is removed before the
9 expiration of his term of office, the reason for the removal
10 must be published.]

11 "THIS CODE SHALL BE ADMINISTERED BY THE
12 INSURANCE COMMISSION, HEREINAFTER REFERRED

1 TO AS THE 'COMMISSION', AS A COLLEGIAL BODY,
2 COMPOSED OF A CHAIRPERSON AND FOUR (4)
3 COMMISSIONERS, WHO SHALL BE APPOINTED BY THE
4 PRESIDENT OF THE PHILIPPINES WITHOUT
5 REAPPOINTMENT OR EXTENSION. OF THE FIRST SET
6 OF APPOINTEES, THE CHAIRPERSON SHALL HOLD OFFICE
7 FOR SIX (6) YEARS; AND OF THE FIRST FOUR (4)
8 COMMISSIONERS, ONE (1) SHALL HOLD OFFICE FOR
9 FIVE (5) YEARS, ONE SHALL HOLD OFFICE FOR FOUR
10 (4) YEARS, ONE SHALL HOLD OFFICE FOR THREE (3)
11 YEARS, AND ONE SHALL HOLD OFFICE FOR TWO (2)
12 YEARS. ALL SUBSEQUENT APPOINTMENTS SHALL BE
13 FOR A PERIOD OF SIX (6) YEARS EACH. UNLESS
14 THE CONTEXT INDICATES OTHERWISE, THE TERM
15 'COMMISSIONER' INCLUDES THE CHAIRPERSON.
16 ALL PREVIOUS REFERENCES TO THE 'INSURANCE
17 COMMISSIONER' IN THE CODE SHALL HEREBY REFER
18 TO THE 'COMMISSION'.

19 "THE COMMISSIONERS MUST BE NATURAL-BORN
20 CITIZENS OF THE PHILIPPINES, AT LEAST FORTY (40)
21 YEARS OF AGE FOR THE CHAIRPERSON, AND AT
22 LEAST THIRTY-FIVE (35) YEARS OF AGE FOR THE
23 COMMISSIONERS, OF GOOD MORAL CHARACTER, OF
24 UNQUESTIONABLE INTEGRITY, OF KNOWN PROBITY AND
25 PATRIOTISM, AND WITH RECOGNIZED COMPETENCE
26 IN THE INSURANCE INDUSTRY. IF A COMMISSIONER IS
27 REMOVED BEFORE THE EXPIRATION OF HIS/HER TERM
28 OF OFFICE, THE REASON FOR THE REMOVAL MUST BE
29 PUBLISHED.

1 **"THE CHAIRPERSON IS THE CHIEF EXECUTIVE**
2 **OFFICER OF THE COMMISSION. THE CHAIRPERSON**
3 **SHALL EXECUTE AND ADMINISTER THE POLICIES,**
4 **DECISIONS, ORDERS AND RESOLUTIONS APPROVED BY**
5 **THE COMMISSION AND SHALL HAVE THE GENERAL**
6 **EXECUTIVE DIRECTION AND SUPERVISION OF THE**
7 **WORK AND OPERATION OF THE COMMISSION AND ITS**
8 **MEMBERS, BODIES, BOARDS, OFFICES, PERSONNEL AND**
9 **ALL ITS ADMINISTRATIVE BUSINESS.**

10 **"THE SALARY OF THE CHAIRPERSON AND THE**
11 **COMMISSIONERS SHALL BE FIXED BY THE PRESIDENT**
12 **OF THE PHILIPPINES BASED ON THE OBJECTIVE**
13 **CLASSIFICATION SYSTEM AT A SUM COMMENSURATE TO**
14 **THE IMPORTANCE AND RESPONSIBILITIES ATTACHED TO**
15 **THEIR POSITIONS.**

16 **"THE COMMISSION SHALL HOLD MEETINGS AT**
17 **LEAST ONCE A WEEK FOR THE CONDUCT OF BUSINESS**
18 **OR AS OFTEN AS MAY BE NECESSARY UPON THE CALL**
19 **OF THE CHAIRPERSON OR UPON THE REQUEST**
20 **OF THREE (3) COMMISSIONERS. THE NOTICE OF THE**
21 **MEETING SHALL BE GIVEN TO ALL COMMISSIONERS**
22 **AND THE PRESENCE OF THREE (3) COMMISSIONERS**
23 **SHALL CONSTITUTE A QUORUM. IN THE ABSENCE OF**
24 **THE CHAIRPERSON, THE MOST SENIOR COMMISSIONER**
25 **SHALL ACT AS PRESIDING OFFICER OF THE MEETING.**
26 **THE VOTE OF THREE (3) COMMISSIONERS SHALL BE**
27 **NECESSARY FOR THE ADOPTION OF ANY RULE, RULING,**
28 **ORDER, RESOLUTION, DECISION, OR OTHER ACTS OF**
29 **THE COMMISSION.**

1 "THE COMMISSION MAY, FOR PURPOSES OF
2 EFFICIENCY, DELEGATE ANY OF ITS FUNCTIONS TO ANY
3 DEPARTMENT OR OFFICE OF THE COMMISSION, AN
4 INDIVIDUAL COMMISSIONER OR STAFF MEMBER OF THE
5 COMMISSION, EXCEPT ON ITS REVIEW OR APPELLATE
6 AUTHORITY AND ITS POWER TO ADOPT, ALTER AND
7 SUPPLEMENT ANY RULE OR REGULATION. THE
8 COMMISSION MAY REVIEW UPON ITS OWN INITIATIVE
9 OR UPON THE PETITION OF ANY INTERESTED PARTY
10 ANY ACTION OF ANY DEPARTMENT OR OFFICE,
11 INDIVIDUAL COMMISSIONER, OR STAFF MEMBER OF
12 THE COMMISSION. THE COMMISSION SHALL BE UNDER
13 THE DIRECT SUPERVISION BY THE DEPARTMENT OF
14 FINANCE".

15 "The [Insurance Commissioner] COMMISSION
16 shall have the duty to see that all laws relating to
17 insurance, insurance companies and other insurance
18 matters, mutual benefit associations, and trusts for
19 charitable uses are faithfully executed and to perform the
20 duties imposed upon him by this Code, and shall,
21 notwithstanding any existing laws to the contrary, have
22 sole and exclusive authority to regulate the issuance and
23 sale of variable contracts as defined in Section 238 hereof
24 and to provide for the licensing of persons selling such
25 contracts, and to issue such reasonable rules and
26 regulations governing the same.

27 "The [Commissioner] COMMISSION may issue
28 such rulings, instructions, circulars, orders and
29 decisions as may be deemed necessary to secure the

1 enforcement of the provisions of this Code, to ensure
2 the efficient regulation of the insurance industry in
3 accordance with global best practices and to protect
4 the insuring public. Except as otherwise specified,
5 decisions made by the Commissioner shall be appealable
6 to the Secretary of Finance.

7 "In addition to the foregoing, the [Commissioner]
8 COMMISSION shall have the following powers and
9 functions:

10 "x x x;

11 "(g) Punish for contempt of the [Commissioner]
12 COMMISSION, both direct and indirect, in accordance
13 with the pertinent provisions of and penalties prescribed
14 by the Rules of Court;

15 "x x x;

16 "(o) To fix and assess fees, charges and penalties as
17 the [Commissioner] COMMISSION may find reasonable in
18 the exercise of regulation; and

19 "x x x.

20 The Commission shall indemnify the
21 [Commissioner, Deputy Commissioner,]
22 COMMISSIONERS and other officials of the Commission,
23 including personnel performing supervision and
24 examination functions, for all costs and expenses
25 reasonably incurred by such persons in connection with
26 any civil or criminal actions, suits or proceedings to which
27 they may be made a party to by the reason of the
28 performance of their duties and functions, unless they are

1 finally adjudged in such actions, suits or proceedings to
2 be liable for negligence or misconduct.

3 "x x x:

4 "The costs and expenses incurred in defending
5 the aforementioned action, suit or proceeding may
6 be paid by the Commission in advance of the final
7 disposition of such action, suit or proceeding upon receipt
8 of an undertaking by or on behalf of the [Commissioner,
9 Deputy Commissioner,] COMMISSIONERS, officer or
10 employee to repay the amount advanced should it
11 ultimately be determined by the Commission that the
12 person is not entitled to be indemnified."

13 SEC. 2. Section 438 of Republic Act No. 10607 is hereby
14 amended to read as follows:

15 "Section 438. In addition to the administrative
16 sanctions provided elsewhere in this Code, the
17 [Insurance Commissioner] COMMISSION is hereby
18 authorized, at [his] ITS discretion, to impose upon
19 insurance companies, their directors and/or officers
20 and/or agents, for any willful failure or refusal to
21 comply with, or violation of any provision of this
22 Code, or any order, instruction, regulation, or ruling
23 of the [Insurance Commissioner] COMMISSION, or any
24 commission or irregularities, and/or conducting
25 business in an unsafe or unsound manner as may
26 be determined by the [Insurance Commissioner]
27 COMMISSION, the following:

28 "x x x."

1 SEC. 3. Section 439 of Republic Act No. 10607 is hereby
2 amended to read as follows:

3 "Section 439. The [Commissioner] COMMISSION
4 shall have the power to adjudicate claims and complaints
5 involving any loss, damage or liability for which an
6 insurer may be answerable under any kind of policy or
7 contract of insurance, or for which such insurer may be
8 liable under a contract of suretyship, or for which a
9 reinsurer may be sued under any contract of reinsurance
10 it may have entered into; or for which a mutual benefit
11 association may be held liable under the membership
12 certificates it has issued to its members, where the
13 amount of any such loss, damage or liability, excluding
14 interest, cost and attorney's fees, being claimed or sued
15 upon any kind of insurance, bond, reinsurance contract,
16 or membership certificate does not exceed in any single
17 claim Five million pesos (P5,000,000.00).

18 "The power of the [Commissioner] COMMISSION
19 does not cover the relationship between the insurance
20 company and its agents/brokers but is limited to
21 adjudicating claims and complaints filed by the insured
22 against the insurance company.

23 "The [Commissioner] COMMISSION may authorize
24 any officer or group of officers under him to conduct
25 investigation, inquiry and/or hearing and decide
26 claims and he may issue rules governing the conduct
27 of adjudication and resolution of cases. The Rules of
28 Court shall have suppletory application.

1 “The party filing an action pursuant to the
2 provisions of this section thereby submits his person
3 to the jurisdiction of the [Commissioner] COMMISSION.
4 The [Commissioner] COMMISSION shall acquire
5 jurisdiction over the person of the impleaded party
6 or parties in accordance with and pursuant to the
7 provisions of the Rules of Court.

8 “The authority to adjudicate granted to the
9 [Commissioner] COMMISSION under this section shall
10 be concurrent with that of the civil courts, but
11 the filing of a complaint with the [Commissioner]
12 COMMISSION shall preclude the civil courts from taking
13 cognizance of a suit involving the same subject matter.

14 “Any decision, order or ruling rendered by the
15 [Commissioner] COMMISSION after a hearing shall
16 have the force and effect of a judgment. Any party
17 may appeal from a final order, ruling or decision
18 of the [Commissioner] COMMISSION by filing with the
19 [Commissioner] COMMISSION within thirty (30) days
20 from receipt of copy of such order, ruling or decision
21 a notice of appeal to the Court of Appeals in the
22 manner provided for in the Rules of Court for appeals
23 from the Regional Trial Court to the Court of Appeals.

24 “For the purpose of any proceeding under this
25 section, the [Commissioner] COMMISSION, or any
26 officer thereof designated [by him] is empowered to
27 administer oaths and affirmation, subpoena witnesses,

1 compel their attendance, take evidence, and require the
2 production of any books, papers, documents, or contracts
3 or other records which are relevant or material to the
4 inquiry.

5 “A full and complete record shall be kept of
6 all proceedings had before the [Commissioner]
7 COMMISSION, or the officers thereof designated [by him],
8 and all testimony shall be taken down and transcribed by
9 a stenographer appointed by the [Commissioner]
10 COMMISSION.

11 “In order to promote party autonomy in the
12 resolution of cases, the [Commissioner] COMMISSION
13 shall establish a system for resolving cases through the
14 use of alternative dispute resolution.”

15 SEC. 4. *Separability Clause.* – If any provision of this Act
16 shall be held unconstitutional or invalid, the other provisions not
17 otherwise affected shall remain in full force and effect.

18 SEC. 5. *Repealing Clause.* – All laws, decrees, executive
19 orders, rules and regulations or parts thereof which are contrary
20 to or inconsistent with this Act are hereby repealed, amended or
21 modified accordingly.

22 SEC. 6. *Effectivity.* – This Act shall take effect fifteen (15)
23 days after its complete publication either in the *Official Gazette*
24 or in a newspaper of general circulation.

Approved,