



Letter Circular No: 2020-03
Series of 2020

TO: INSURANCE COMPANIES, MUTUAL BENEFIT ASSOCIATIONS AND OTHER SIMILAR ENTITIES SUPERVISED BY THE INSURANCE COMMISSION

RE: SUBMISSION OF BASIC CREDIT DATA

This is to inform the insurance companies, mutual benefit associations and other similar entities defined as Submitting Entities¹ supervised by the Insurance Commission regarding submission of basic credit data to the Credit Information Corporation (CIC) pursuant to Republic Act (R.A.) No. 9510 otherwise known as Credit Information System Act (CISA) and its Implementing Rules and Regulations (IRR).

In its decision dated 4 January 2019, the Makati Regional Trial Court (RTC) Branch 56, nullified CIC Circular 2017-04, acting on the Petition for Declaratory Relief by the Philippine Life Insurance Association, Inc. (PLIA). The RTC declared that premium payments, insurance contracts, and policy loans are not within the ambit of basic credit data. The case is still pending in court, and is not yet final and executory as CIC has filed a Motion for Reconsideration.

However, it is worthy to mention that the RTC's Decision pertains solely to aforesaid transactions and does not exclude the submission to CIC of contract of loans or other types of credit facilities.

It is significant to note that R.A. No. 9510 and its IRR remain to be valid and enforceable. Thus, insurance companies, mutual benefit associations and other similar entities supervised by the Insurance Commission are still required to submit other credit facilities in their portfolio that contain the basic credit data of their borrowers and clients.

Section 3(f) of R. A. No. 9510 defines a "Credit facility" as any loan, credit line, guarantee or any other form of financial accommodation from a Submitting Entity². Plainly, the following list of loan transactions are reportable transactions under CISA:

¹Section 3(q) of Republic Act No. 9510 - "Submitting Entity" refers to any entity that provides credit facilities such as, but not limited to, banks, quasi-banks, trust entities, investment houses, financing companies, cooperatives, nongovernmental, micro-financing organizations, credit card companies, insurance companies and government lending institutions.

² Section 3(f) - "Credit facility" refers to any loan, credit line, guarantee or any other form of financial accommodation from a submitting entity: Provided, That for purposes of this Act, deposits in bank shall not be considered a credit facility extended by the depositor in favor of the bank.

- a) Real estate mortgage loans
- b) Collateral loans
- c) Chattel mortgage loans
- d) Housing loans
- e) Car loans
- f) Salary loans other than the insurance company's employees except those extended in the regular course of business
- g) Salary loans to Public Education teachers
- h) Employee/emergency loans
- i) Multi-purpose loans
- j) Agency financing plans
- k) Director's loans
- l) Commercial loans

It stands to reason that the above-stated reportable transactions, not indicated and not nullified by the RTC decision, are required to be submitted to the CIC on a monthly basis.

Further, for Insurance Companies, Mutual Benefit Associations and other Similar Entities who will register as Accessing Entities, inasmuch as premium payments, insurance contracts, and policy loans are currently not being submitted, the CIC Credit Report shall not be used for purposes of determining premium payments, insurance contracts, and policy loans.

Non-compliance to the above will be subject to sanctions under applicable laws, reported to the relevant government agencies, and publication of the status of the non-compliant institution.

For guidance and information.

Signed this 9th day of June 2020, Makati City, Philippines.

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