

Fifteenth Congress of the Republic )  
of the Philippines )  
First Regular Session )

SENATE  
OFFICE OF THE SECRETARY

10 JUL 26 P 1 08

SENATE  
S.B. No. 1992

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Introduced by Senator Ramon Bong Revilla, Jr.

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#### EXPLANATORY NOTE

Because man is an imperfect being and does not have the faculty to divine the future, risk and uncertainty is a real part of every life. By allowing individuals to pool resources for an unforeseen exigency, insurance is one of the most popularly accepted institutions of our age. With insurance coverage, death, accidents and illness need not be a major disaster to an individual and his family. The compulsory insurance coverage that is required for motor vehicle registration is but one testimony to the wide acceptance of insurance as one of the mainstays of civilized society.

Reports of non-settlement of insurance claims is a non-trivial threat to the image of stability and reliability associated with the insurance industry. And yet, such practices are apparently perpetuated especially because the existing Insurance Code of the Philippines imposes no criminal liability on insurance companies for failure to compensate beneficiary claimants under the terms and conditions provided for in the insurance policy within the period prescribed by the code.

A claimant with limited resources stands no chance of pursuing the case to a favorable conclusion. Without the immediacy of the sanctions associated with a criminal complaint, an insurance company can cause the case to drag on, until the resources of the complainant run out.

This bill seeks to remedy the situation by the imposition of criminal liability to erring insurance companies who fail to pay or settle benefits due to claimants.

In view of the foregoing, early passage of this bill is earnestly urged.

  
RAMON BONG REVILLA, JR.

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**AN ACT**  
**AMENDING SOME PROVISIONS OF THE PRESIDENTIAL DECREE NO. 1460, AS AMENDED, OTHERWISE KNOWN AS THE INSURANCE CODE OF 1978 BY PRESCRIBING A CRIMINAL PENALTY UPON ANY PERSON FOR REFUSING TO SETTLE ANY CLAIM FOR LOSS OR DAMAGE FOR WHICH AN INSURER MAY BE LIABLE WITHIN THE PERIOD PRESCRIBED BY THE CODE.**

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

**SECTION 1.** Section 242 of Presidential Decree No. 1460, otherwise known as the Insurance Code of 1978 is hereby amended to read as follows:

“SEC 242. The proceeds of a life insurance policy shall be paid immediately upon maturity of the policy, unless such proceeds are made payable in installments, or as an annuity, in which case the installments or annuities shall be paid as they become due: Provided, however, That in the case of a policy maturing by the death of the insured, the proceeds thereof shall be paid within sixty (60) days after presentation of the claim and filing of the proof of the death of the insured. Refusal or failure to pay the claim within the time prescribed herein will entitle the beneficiary to collect interest on the proceeds of the policy for the duration of the delay at the rate of twice the ceiling prescribed by the Monetary Board, unless such failure or, refusal to pay is based on the ground that the claim is fraudulent: **PROVIDED, FURTHER, THAT IN CASE THE INSURANCE COMPANY CONCERNED FAILS OR REFUSES TO SETTLE THE PROCEEDS OF THE POLICY, INCLUDING THE ACCRUED INTERESTS HEREIN WITHIN FIFTEEN (15) DAYS FROM FILING THE DEMAND FOR PAYMENT, SAID INSURANCE COMPANY IS LIABLE FOR ESTAFA AND THE PENALTY PRESCRIBED BY THE REVISED PENAL CODE SHALL BE IMPOSED UPON ITS PRESIDENT AND OR GENERAL MANAGER, UNLESS SUCH FAILURE OR REFUSAL TO PAY IS BASED ON THE GROUND THAT THE CLAIM IS FRAUDULENT.**”

“The proceeds of the policy maturing by the death of the insured payable to the beneficiary shall include the discounted value of all premiums paid in advance of their due dates, but are not due and payable at maturity.”

**SECTION 2.** Section 243 of Presidential Decree No. 1460, as amended otherwise known as the Insurance Code of 1978 is hereby amended to read as follows:

“SEC. 243. The amount of any loss or damage for which an insurer may be liable, under any policy other than life insurance policy shall be paid within thirty (30) days after proof of loss is received by the insurer and ascertainment of the loss or damage is made either by agreement between the insured and the insurer or by arbitration; but if such ascertainment is not had or made within sixty (60) days after such receipt by the insurer of the proof of loss, then the loss or damage shall be paid within ninety (90) days after such receipt. Refusal or failure to pay the loss or damage within the time prescribed herein will entitle the assured to collect interest on the proceeds of the policy for the duration of the delay at the rate of twice (2) the ceiling prescribed by the Monetary Board, unless such failure or refusal to pay is based on the ground that the claim is fraudulent: **PROVIDED, HOWEVER, THAT IN CASE THE INSURANCE COMPANY CONCERNED FAILS TO SETTLE THE PROCEEDS OF THE POLICY INCLUDING THE ACCRUED INTERESTS THEREIN WITHIN FIFTEEN (15) DAYS FROM THE FILING OF THE DEMAND FOR PAYMENT, SAID INSURANCE COMPANY IS LIABLE FOR ESTAFA, AND THE PENALTY PRESCRIBED BY THE REVISED PENAL CODE, SHALL BE IMPOSED UPON ITS PRESIDENT AND/OR GENERAL MANAGER UNLESS SUCH FAILURE OR REFUSAL TO PAY IS BASED ON THE GROUND THAT THE CLAIM IS FRAUDULENT.**”

**SECTION 3.** This act shall take effect upon its approval.

Approved,