

[IC Circular Letter No. 2015-24, May 08, 2015]

**INTERPRETING THE RULES ON ADJUSTERS PERTAINING TO
LICENSING AND CONCURRENT PRACTICE OF PROFESSION BY
LAWYERS**

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This circular seeks to clarify the rules provided under Title V of Chapter IV of the Insurance Code regarding Adjusters, particularly Sections 332, 333, 334 and 338 thereof.

I. PERSONS WHO MAY ACT AS ADJUSTERS

Section 332 of the Insurance Code provides the rules in order for a person, partnership, association or corporation to be able to act as an adjuster, viz:

“ Section 332. No person, partnership, association, or corporation shall act as an adjuster, as hereinafter defined, **unless authorized so to act by virtue of a license issued or renewed by the Commissioner pursuant to the provisions of this Code**: Provided, That in the case of a natural person, he must be a Filipino citizen and in the case of a partnership, association or corporation, at least sixty percent (60%) of its capital must be owned by citizens of the Philippines.”

In order to be allowed to act as an adjuster, two (2) conditions must be complied with: first, the citizenship requirement, and second, the procurement of a license from the Insurance Commission (“Commission”). For natural persons, he/she must be a Filipino citizen. For juridical persons, it is required that at least sixty percent (60%) of its capital must be owned by Filipino citizens. Both natural and juridical persons are required to procure a license to act as adjusters from the Commission.

An exception to the above-cited rule is provided under Section 338 of the same code, viz:

“ Section 338 Nothing contained in this title shall apply to any duly **licensed attorney-at-law who acts or aids in adjusting insurance claims as an incident to the practice of his profession and who does not advertise himself as an adjuster.**”
(Emphasis and underscoring supplied.)

Based on the foregoing rules, it is manifest that as a general rule, before a person

may be allowed to act as an adjuster, it is mandatory that he first obtain a license from the Insurance Commission. As an exception, however, a duly licensed attorney-at-law is not required to obtain such license, and may act in aid of his client in adjusting insurance claims, *provided* such engagement is merely an incident to the practice of his profession, and *provided further*, that he does not advertise himself as an adjuster.

Verily, if a lawyer would engage in adjusting, outside of, or not as an incident to the practice of his profession, and if he intends to advertise himself as an adjuster, the exception would not apply. In such case, he is obliged to procure a license from the Insurance Commission, either as an independent adjuster, or a public adjuster.

Another exception to the procurement of a license to act as an adjuster is provided under Section 334 of the Insurance Code, viz:

"Section 334

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No license, however, shall be required of **any company adjuster who is a salaried employee of an insurance company for the adjustment of claims filed under policies issued by such insurance company.**"

(Emphasis and underscoring supplied.)

Hence, the following circumstances must be present for a person to be exempted from procuring a license to become an adjuster: first, that such person is a salaried employee of an insurance company, and second, that such adjusting is limited to adjustment of claims filed under or issued by such insurance company.

II. EXCLUSIVITY OF PUBLIC ADJUSTING AND INDEPENDENT ADJUSTING

The terms **Independent Adjuster** and **Public Adjuster** are respectively defined under Section 333 of the Insurance Code, to wit:

"Section 333. An adjuster may be an independent adjuster or a public adjuster.

The term ***independent adjuster*** means any person, partnership, association or corporation which, for money, commission or any other thing of value, acts for or **on behalf of an insurer** in the adjusting of claims arising under insurance contracts or policies issued by such insurer.

The term ***public adjuster*** means any person, partnership, association or corporation which, for money, commission or any other thing of value, acts **on behalf of an insured** in negotiating for, or effecting, the settlement of a claim or claims of the said insured arising under insurance contracts or policies, or which advertises for or solicits employment as an adjuster of such claims."

(Emphasis and underscoring supplied.)