

**[ IC INSURANCE MEMORANDUM CIRCULAR NO. 9-  
2006, October 25, 2006 ]**

**MICROINSURANCE REGULATION AND DECLARATION OF POLICY  
OBJECTIVES**

WHEREAS, the Medium-Term Philippine Development Plan 2004-2010 considers poverty alleviation a principal development objective and with the stated goal of giving the disadvantaged sector preferential access to social protection, safety nets, and access to financial services such as microfinance;

WHEREAS, even as poor households are most vulnerable to risks associated with uncertain losses such as death, illness, or injury of a family member, micro-savings, micro-credit, and allied services available through microfinance are insufficient to enable the disadvantaged to cope with the risks they face and recognizing thus, many microfinance institutions and mutual benefit associations have made insurance products available to their members;

WHEREAS, the Insurance Code recognizes the significance of making insurance accessible to the disadvantaged, providing for industrial life insurance and regulating mutual benefit associations under Sections 229 to 231 and Sections 390 to 409, respectively, thereof;

WHEREAS, to adequately address and provide for the insurance needs of the disadvantaged, there is a need to recognize and promote the importance of microinsurance, define its features, and ensure that the delivery of microinsurance services to the disadvantaged is done in a safe and sound manner;

WHEREAS, ensuring the security of the insuring public necessitates that the government set strict compliance and performance standards for all microinsurance providers, such as, but not be limited to, mutual benefit associations providing microinsurance products and services to their members.

NOW, THEREFORE, pursuant to the authority vested in me under Section 414 of the Insurance Code, as amended, the following are hereby promulgated:

I. The term "microinsurance" shall refer to the insurance business activity of providing specific insurance products that meet the needs of the disadvantaged for risk protection and relief against distress or misfortune.

II. A "microinsurance product" is an insurance policy whereby:

a. The amount of premium computed on a daily basis does not exceed ten percent (10%) of the current daily minimum wage rate for non-