

[IC CIRCULAR LETTER NO. 18/92 CL, August 03, 1992]

PAYMENT OF FINDERS'/REFERRAL FEE

This Commission has been receiving inquiries on whether the payment by insurance companies of the so-called "finders'/referral fee" is legal or not.

Please be advised that said fee is a form of commission or compensation for services in obtaining insurance and therefore payment thereof by an insurance company or agent thereof to any person not authorized by this Commission to act as insurance agent is a violation of the provisions of Section 299 of the Insurance Code, partly quoted as follows:

"SEC. 299. No insurance company doing business in the Philippines, nor any agent, thereof, shall pay any commission or other compensation to any person for services in obtaining insurance, unless such person shall have first procured from the Commissioner a license to act as an insurance agent of such company or as an insurance broker as hereinafter provided. xxx"

For your guidance.

Adopted: 3 Aug. 1992

(SGD.) ADELITA A. VERGEL DE DIOS
Insurance Commissioner



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