

[IC CIRCULAR LETTER NO. 6/88, April 18, 1988]

**COMMISSION RATE UNDER CHAPTER VI OF THE INSURANCE
CODE ON COMPULSORY MOTOR VEHICLE LIABILITY INSURANCE**

It has come to the knowledge of this Commission that there are non-life insurance companies doing business in the Philippines which are giving commission rates on compulsory motor vehicle liability insurance business in excess of that allowed under Chapter VI of the Insurance Code.

In this connection, attention is invited to Sections 387 and 389 of said Chapter, which are quoted hereunder:

"SEC. 387. No government office or agency having the duty of implementing the provisions of this Chapter nor any official or employee thereof shall act as agent in procuring the insurance policy or surety bond provided for herein. *The commission of an agent procuring the said policy or bond shall in no case exceed ten per centum of the amount of the premiums therefor.*" (underscoring supplied)

"SEC. 389. Whenever any violation of the provisions of this Chapter is committed by a corporation or association, or by a government office or entity, the executive officer or officers of said corporation, association or government office or entity who shall have knowingly permitted, or failed to prevent, said violation shall be held liable as principals.

Please be guided accordingly.

Adopted: 18 Apr. 1988

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

Re-issued: 23 May 1991

