

**Chapter III**  
**THE BUSINESS OF INSURANCE**

**Title 9**  
**POLICY FORMS**

**Sec. 228.** No policy of group life insurance shall be issued and delivered in the Philippines unless it contains in substance the following provisions, or provisions which in the opinion of the Commissioner are more favorable to the persons insured, or at least as favorable to the persons insured and more favorable to the policyholders:

- (a) A provision that the policyholder is entitled to a grace period of either thirty days or of one month for the payment of any premium due after the first, during which grace period the death benefit coverage shall continue in force, unless the policyholder shall have given the insurer written notice of discontinuance in advance of the date of discontinuance and in accordance with the terms of the policy. The policy may provide that the policyholder shall be liable for the payment of a pro rata premium for the time the policy is in force during such grace period;
- (b) A provision that the validity of the policy shall not be contested, except for non-payment of premiums after it has been in force for two years from its date of issue; and that no statement made by any insured under the policy relating to his insurability shall be used in contesting the validity of the insurance with respect to which such statement was made after such insurance has been in force prior to the contest for a period of two years during such person's lifetime nor unless contained in written instrument signed by him;
- (c) A provision that a copy of the application, if any, of the policyholder shall be attached to the policy when issued, that all statements made by the policyholder or by persons insured shall be deemed representations and not warranties, and that no statement made by any insured shall be used in any contest unless a copy of the instrument containing the statement is or has been furnished to such person or to his beneficiary;
- (d) A provision setting forth the conditions, if any, under which the insurer reserves the right to require a person eligible for insurance to furnish evidence of individual insurability satisfactory to the insurer as a condition to part or all of his coverage;

(e) A provision specifying an equitable adjustment of premiums or of benefits or of both to be made in the event that the age of a person insured has been misstated, such provision to contain a clear statement of the method of adjustment to be used;

(f) A provision that any sum becoming due by reason of death of the person insured shall be payable to the beneficiary designated by the insured, subject to the provisions of the policy in the event that there is no designated beneficiary, as to all or any part of such sum, living at the death of the insured, and subject to any right reserved by the insurer in the policy and set forth in the certificate to pay at its option a part of such sum not exceeding five hundred pesos to any person appearing to the insurer to be equitably entitled thereto by reason of having incurred funeral or other expenses incident to the last illness or death of the person insured;

(g) A provision that the insurer will issue to the policyholder for delivery to each person insured an individual certificate setting forth a statement as to the insurance protection to which he is entitled, to whom the insurance benefits are payable, and the rights set forth in paragraphs (h), (i) and (j) following;

(h) A provision that if the insurance, or any portion of it, on a person covered under the policy ceases because of termination of employment or of membership in the class or classes eligible for coverage under the policy, such person shall be entitled to have issued to him by the insurer, without evidence of insurability, an individual policy of life insurance without disability or other supplementary benefits, provided application for the individual policy and payment of the first premium to the insurer shall be made within thirty days after such termination and provided further that:

(1) the individual policy shall be on any one of the forms, except term insurance, then customarily issued by the insurer at the age and for an amount not in excess of the coverage under the group policy; and

(2) the premium on the individual policy shall be at the insurer's then customary rate applicable to the form and amount of the individual policy, to the class of risk to which such person then belongs, and to his age attained on the effective date of the individual policy.

(i) A provision that if the group policy terminates or is amended so as to terminate the insurance of any class of insured persons, every person insured thereunder at the date of such termination whose insurance terminates and who has been so insured for five years prior to such termination date shall be entitled to have issued to him by the insurer an individual policy of life insurance subject to the same limitations as set forth in paragraph (h), except that the group policy may provide that the amount of such individual policy shall not exceed the smaller of (a) the amount of the person's life insurance protection ceasing less the amount of any life insurance for what he is or becomes eligible under any group policy issued or reinstated by the same or another reinsurer within thirty days after such termination, and (b) two thousand pesos;

(j) A provision that if a person insured under the group policy dies during the thirty-day period within which he would have been entitled to an individual policy issued to him in accordance with (h) and (i) above and before such individual policy shall have become effective, the amount of life insurance which he would have been entitled to have issued to him as an individual policy shall be payable as a claim under the group policy whether or not application for the individual policy or the payment of the first premium has been made;

(k) In the case of a policy issued to a creditor to insure debtors of such creditor, a provision that the insurer will furnish to the policyholder for delivery to each debtor insured under the policy a form which will contain a statement that the life of the debtor is insured under the policy and that any death benefit paid thereunder by reason of his death shall be applied to reduce or extinguish indebtedness.

The provisions of paragraphs (f) to (j) shall not apply to policies issued to a creditor to insure his debtors. If a group life policy is on a plan of insurance other than term, it shall contain a non-forfeiture provision or provisions which in the opinion of the Commissioner is or are equitable to the insured or the policyholder: Provided, That nothing herein contained shall be so construed as to require group life policies to contain the same non-forfeiture provisions as are required of individual life policies.