



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila

CIRCULAR LETTER (CL) NO. :	2016 – 23
DATE :	12 April 2016
SUPERSEDES :	NONE

CIRCULAR LETTER

TO : ALL PRE-NEED COMPANIES AUTHORIZED TO TRANSACT BUSINESS IN THE PHILIPPINES

SUBJECT : KEY FEATURES OF MICRO PRE-NEED PRODUCTS

Pursuant to Chapter IV. Registration of Pre-need Plans, Section 17 of the Pre-Need Code, and Item 5.6 of the Insurance Memorandum Circular No. 2015-51, *Adoption and Implementation of the Micro Pre-need Regulatory Framework*, the following guidelines, relative to the features of Micro Pre-need products are hereby promulgated:

1. **Types of Pre-Need Products** – A micro pre-need product may be classified as any of the following, depending on the coverage it provides:
 - a. Education Plan
 - b. Pension Plan
 - c. Memorial Plan

All Micro Pre-Need products are fixed value plans, of which benefits and cost are fixed and pre-determined at the inception or purchase of the plan.

2. **Period of Cover** – The period of cover of a micro pre-need contract shall depend on the type of coverage:
 - a. Education Plan – 10 to 18 years
 - b. Pension Plan – 10 years and up

3. **Maximum Gross Contract Price (GCP)** – The maximum GCP computed on a daily basis shall not exceed 7.5% of the daily minimum wage rate for non-agricultural workers in Metro Manila.
4. **Plan Installment** – The manner and frequency of installments shall, if possible, coincide with the cash flow of the planholder and may be collected weekly, monthly, quarterly, semi-annually or annually.
5. **Installment Payment Period** – The installment payment period shall depend on the type of pre-need product, as follows:
 - a. Education Plan – five (5) years or less
 - b. Pension Plan – five (5) to ten (10) years
 - c. Memorial Plan – five (5) years or less
6. **Insurance coverage** – The Planholder/Payor shall be enrolled under a Group Credit Life with Total and Permanent Disability Benefit to cover for unpaid installments in case the Planholder/Payor dies or becomes totally and permanently disabled.
7. **Maximum Benefit (Total Education Benefit for education plans, Maturity Benefit for pension plans and Plan Value for memorial plans)** – The Maximum Benefit shall not exceed 1000 times the daily minimum wage rate for non-agricultural workers in Metro Manila.
8. **Terms and Conditions** – A micro pre-need contract shall clearly state the benefit amount (Total Education Benefit, Maturity Benefit or Plan Value whichever is applicable) and terms of coverage. Contract provisions shall be clearly stated in simple and easy to understand language.
9. **Effectivity** – A micro pre-need contract becomes effective immediately upon full payment of the first installment including fees or charges.

10. **Grace Period** – During the effectivity of the contract, the planholder is entitled to a minimum grace period of seventy-five (75) calendar days from the date of default of installment payment.
11. **Incontestability** – The insurance benefit provided under a micro pre-need contract shall be subject to a contestability period of one (1) year from the effectivity date of the insurance contract or from the date of last reinstatement.
12. **Claims Settlement** – Claims for a micro pre-need contract must be settled within ten (10) working days upon receipt of complete documents by the provider.
13. **Logo** - The contracts for micro pre-need plans shall bear the attached micro pre-need logo.

This Circular takes effect immediately.



EMMANUEL F. DOOC
Insurance Commissioner

