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**IMPLEMENTING RULES AND REGULATIONS
OF
CREDIT LIFE INSURANCE PLAN**

Quidan Pag-inupdanay Mutual Benefit Association, Inc. (QPI MBAI) subject to the provisions of the Master Policy Contract issued to the CREDITOR, shall pay the insurance benefits as provided in Section 5 below in accordance with the following provisions:

Section 1 CREDIT LIFE INSURANCE PLAN (CLIP)

CLIP is insurance on the life of a DEBTOR in connection with a specific loan to provide payment equivalent to the insured loan amount.

Section 2 CREDITOR

CREDITOR means the lender of money or vendor or lessor of goods, services and property for which payment is arranged through a credit transaction.

Section 3 DEBTOR

- a. DEBTOR means a borrower of money or a purchaser or lessee of goods, services, and property for which payment is arranged through a credit transaction.
- b. Existing DEBTORS must be at least eighteen (18) years old but not more than sixty (60) years old at the loan release date.
- c. All new DEBTORS must be at least eighteen (18) years old but not more than sixty (60) years old at the first loan release date.
- d. The amount of insurable loan must not exceed the maximum insurable loan amount defined in Section 4.

Section 4 MAXIMUM INSURABLE LOAN AMOUNT

- a. The maximum insurable loan amount under CLIP shall not exceed 500 times the daily minimum wage rate of non-agricultural workers in Metro Manila, which is the maximum amount of guaranteed benefits defined in the existing regulatory provisions of microinsurance products.
- b. Should there be any amendments to the existing regulatory provision, the maximum insurable loan amount should follow accordingly.

Section 5 BENEFIT

Upon the death or TPD of the Insured DEBTOR, QPI MBAI will pay the **loan amount insured during the period of coverage** in the following manner:

- a. The amount of death benefit should be first applied to the outstanding loan balance of the Insured DEBTOR, excluding interest charges. This amount is payable to the CREDITOR.
- b. The remaining balance after deducting from the insured loan the amount stated in (a) is payable to the secondary beneficiary/ies declared in the Debtor's Application for Credit Life Insurance.

Section 6 Total and Permanent Disability

Total and permanent disability (TPD) shall mean disability caused by bodily injury or disease which

- a. prevents the member from engaging in any gainful activity; and,
- b. must continue uninterruptedly for at least six (6) months

There are two types of TPD coverage:

1. Disability with dismemberment – If a member suffers a loss of both arms, and both legs, of one arm and one leg, or of both eyes, he/she shall be considered as totally and permanently disabled. Loss of both arms and both legs shall mean dismemberment by amputation of the entire hand or foot; with respect to eyes, entire and irrecoverable loss of sight.
2. Disability without dismemberment – If a member becomes sick or meets an accident without resulting to complete inability to engage in any gainful employment and becomes bedridden, he/she can be considered as totally and permanently disabled if after six (6) months the health condition has not improved as confirmed by a competent doctor.

Section 7 PRIMARY AND SECONDARY BENEFICIARIES

- a. In addition to the CREDITOR, who is the primary beneficiary, the secondary beneficiary/ies under the policy include those declared by the Insured DEBTOR in the **Debtor's Application for Credit Life Insurance**.
- b. The right to change the secondary beneficiary/ies is reserved to every Insured DEBTOR, who may at any time, designate a new beneficiary. Such request for change must be in writing signed by the Insured DEBTOR and must be submitted to QPI MBAI Main Office.
- c. When an Insured DEBTOR dies without a designated secondary beneficiary/ies, the benefits payable thereon shall be awarded to the legal heirs according to existing laws.

Section 8 CONTRIBUTIONS AND IDENTIFIABLE CHARGES

- a. DEBTORS shall be charged a one-time contribution of **12.00 of the original loan amount per year** for the benefits described in Section 5 above.
- b. QPI MBAI shall not utilize more than THIRTY PERCENT (30%) of the Credit Life Insurance gross contribution for **administrative expenses**.
- c. QPI MBAI shall not utilize more than THIRTY PERCENT (30%) of the Credit Life Insurance gross contribution for payment of **collection fees**.
- d. QPI MBAI shall contribute not more than FIVE PERCENT (5%) of the Credit Life Insurance contribution as **increment to the guaranty fund**.
- e. QPI MBAI will review the contribution rates on a yearly basis. QPI MBAI reserves the right to change the contribution rate at any time it deems appropriate to maintain the funds of the MBA at a level adequate to meet its benefit obligations or commitments under the plan.

Section 9 SUICIDE

QPI MBAI will not be liable in case of suicide by the Insured DEBTOR within one (1) year from the effective date of individual coverage, provided however that suicide committed while in a state of insanity will be compensable regardless of the date of commission. Where suicide is not compensable, QPI MBAI's liability shall be limited

to the return of all contributions paid without interest for the account of the Insured DEBTOR.

Section 10 **EFFECTIVE DATE OF INDIVIDUAL COVERAGE**

- a.** Credit Life Insurance shall take effect upon the date of loan release by the CREDITOR to the DEBTOR indicated in the loan release form issued by the CREDITOR and the payment of insurance contribution.
- b.** The Insured DEBTOR shall be issued a **Certificate of Insurance** containing the date of effectivity of coverage, term of coverage, a summary of benefits and excerpts of the provisions for the DEBTOR upon approval of the application for credit life insurance.
- c.** A DEBTOR with existing loan as of the effectivity of CLIP shall automatically be covered, provided the fees and dues as herein specified are paid.
- d.** The term of insurance coverage shall not exceed the term of loan as stated in the loan release form given by the CREDITOR.

Section 11 **INCONTESTABILITY**

Except for non-payment of contributions or any grounds recognized by law and jurisprudence, QPI MBAI cannot contest the individual coverage after it has been in force during the lifetime of the Insured DEBTOR for one (1) year from the Effective Date of Individual Coverage.

Section 12 **EVIDENCE OF INSURABILITY**

No medical examination shall be required, only a declaration of good health and insurability. However, QPI MBAI reserves the right to require a DEBTOR to undergo medical examination if found to be physically impaired through the information obtained by QPI MBAI. The medical examination shall be conducted by a Medical Examiner duly authorized by QPI MBAI. QPI MBAI further reserves the right to decline the DEBTOR's coverage if found uninsurable.

Section 13 **TERMINATION OF INDIVIDUAL COVERAGE**

The insurance coverage shall automatically terminate under the earliest of the following conditions:

- a.** upon the death or TPD of the Insured DEBTOR
- b.** upon non-payment of the insurance contributions by the end of the grace period
- c.** upon the expiration of the term of the loan
- d.** when the Insured DEBTOR reaches age 65
- e.** upon full payment of the loan

If the Insured DEBTOR decides to fully pay the outstanding loan balance before the expiration of the term of loan, the unearned portion of the insurance premium net of charges shall be refunded to the DEBTOR.

Termination of coverage shall be without prejudice to any claim arising prior to such termination.

Section 14 **NOTICE AND PROOF OF CLAIM**

- a.** When an Insured DEBTOR dies, the CREDITOR shall notify QPI MBAI of such death, stating the full name and address of the deceased, the cause of death and the date of death.
- b.** Notice of claim must be submitted to QPI MBAI within thirty (30) days and proof of claim within ninety (90) days from the date of death, except when it can

be shown that failure to submit the notice and proof within such time is due to valid reason.

c. The benefits described in Section 5 shall be paid to the beneficiaries upon presentation of documents validating the death of the Insured DEBTOR.

d. Failure to give notice and proof as required, will not invalidate or diminish the claim if it is shown not to have been reasonably possible to give such notice or proof and that such was given as soon as was reasonably possible.

Section 15 CLAIM SETTLEMENT

Claim settlement shall be made by QPI MBAI not later than ten (10) working days upon receipt complete documents.

Section 16 CERTIFICATE OF INSURANCE

QPI MBAI will issue to the CREDITOR for delivery to each Insured DEBTOR, a Certificate of Insurance setting forth a summary of the essential features of the insurance coverage and other privileges to which each Insured DEBTOR is entitled. In the event of discrepancy between provisions of such certificate and the Policy, the provisions of the latter shall be upheld.

Section 17 NON-TRANSFERABILITY CLAUSE

The Certificate of Credit Life Insurance coverage is non-transferable.

Section 18 RECORDS OF THE CREDITOR

The CREDITOR shall make available to QPI MBAI on request any books or records pertaining to the accounts of the Insured DEBTOR. The CREDITOR shall also furnish QPI MBAI with records, data, proofs or other information which the latter may deem necessary for the proper administration of this insurance policy.

Section 19 TERMINATION OF GROUP POLICY

The Master Policy shall automatically terminate on the earliest of the following:

- a.** Date of receipt of a written notice from CREDITOR to terminate this Master Policy; or
- b.** End of grace period if the premium remains unpaid; or
- c.** Date of the QPI MBAI's written notice of termination to the CREDITOR when the number of the DEBTORS falls below the required minimum number.

Section 20 LIMITATION OF COMPLAINTS

Any complaint or grievance on this Master Policy must be filed with the proper authorities within two (2) years from the time of rejection or denial of the claim. The venue for filing of complaints and grievances on the Master Policy must not be limited to the place of issue of the contract.

Section 21 DISPUTE RESOLUTION

All disputes arising in connection with this Master Policy shall be initially settled through alternative dispute resolution mechanism.

Section 22 AVAILABILITY OF MASTER POLICY

A copy of the Master Policy shall be kept in the Main Office and in the custody of an officer of the CREDITOR. It will be available to the Insured DEBTOR for their inspection during the regular office hours of the CREDITOR.

Section 23 NON-APPLICABILITY OF ARTICLE 1250 OF CIVIL CODE OF THE PHILIPPINES

The provisions of the Article 1250 of the Civil Code of the Philippines which states that:

“ In case an extraordinary inflation or deflation of the currency stipulated should supervene, the value of the currency at the time of the establishment of the obligation shall be the basis of payment unless there is an agreement to the contrary”

shall not apply to any of the payment made or to be made by either party under the Policy or any Supplementary Contract issued in connection with and attached to the Master Policy.

Section 24 AMENDMENTS TO RULES AND REGULATIONS

Any amendment/s to this Rules and Regulations is/are subject to approval of the Insurance Commission.