



KCCDFI MUTUAL BENEFIT ASSOCIATION, INC.

ANNEX KCCDFI Bldg. MCCL Highway, Guiwan, Zamboanga City 7000

Telephone No. (062) 990-2429 TIN 007-053-951

Email: kccdfi_mba@yahoo.com.ph



IMPLEMENTING RULES AND REGULATIONS OF CREDIT LIFE INSURANCE PLAN

KCCDFI Mutual Benefit Association, Inc. (KCCDFI MBA) subject to the provisions of the Master Policy Contract issued to the CREDITOR, shall pay the insurance benefits as provided in Section 7 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

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.

Section 4 ELIGIBILITY REQUIREMENTS FOR DEBTORS

- DEBTORS must be a member of KCCDFI MBA in order to be eligible for coverage.
- All new members must be at least eighteen (18) years old but not more than sixty (60) years old at the first loan release date.
- Existing DEBTORS must be at least eighteen (18) years old but not more than sixty five (65) years old at the loan release date.

Section 5 MAXIMUM INSURABLE LOAN AMOUNT FOR EACH CERTIFICATE

- 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.
- Should there be any amendments to the existing regulatory provision, the maximum insurable Loan Amount should follow accordingly.

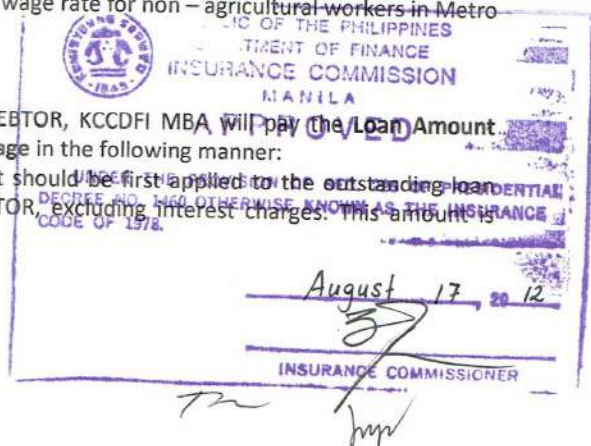
Section 6 MAXIMUM PREMIUM

The maximum amount of premiums computed on a daily basis shall not exceed five percent (5%) of the daily minimum wage rate for non – agricultural workers in Metro Manila.

Section 7 DEATH BENEFIT

Upon the death of the Insured DEBTOR, KCCDFI MBA will pay the Loan Amount insured during the period of coverage in the following manner:

- 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 Amount stated in (a) is payable to the secondary beneficiary/ies declared in the Debtor's Application for Credit Life Insurance.

Section 8

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 KCCDFI MBA 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 9

PREMIUMS AND IDENTIFIABLE CHARGES

- a. DEBTORS shall be charged a one-time premium of **Php 15.00 per thousand of the original Loan Amount per year** for the benefits described in Section 7 above.
- b. KCCDFI MBA shall not utilize more than FORTY PERCENT (40%) of the Credit Life Insurance gross premium for **administrative expenses**.
- c. KCCDFI MBA shall not utilize more than THIRTY PERCENT (30%) of the Credit Life Insurance gross premium for payment of **collection fees**.
- d. KCCDFI MBA shall contribute not more than FIVE PERCENT (5%) of the Credit Life Insurance gross premium as **increment to the guaranty fund**.
- e. The amount of premium shall be deducted upfront from the loan proceeds.
- f. KCCDFI MBA will review the premium rates on a yearly basis. KCCDFI MBA reserves the right to change the premium 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 subject to approval by the Insurance Commission.

Section 10

SUICIDE

KCCDFI MBA 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, KCCDFI MBA's liability shall be limited to the return of all premiums paid without interest for the account of the Insured DEBTOR.

Section 11

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 premium.
- 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. An eligible DEBTOR with existing loan as of the effectivity of CLIP shall automatically be insured, 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.

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Section 12 INCONTESTABILITY

Except for non-payment of premiums or any grounds recognized by law and jurisprudence, KCCDFI MBA 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 13 EVIDENCE OF INSURABILITY

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

Section 14 TERMINATION OF INDIVIDUAL COVERAGE

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

- a. upon the death of the Insured DEBTOR
- b. upon the expiration of the term of the loan
- c. when the Insured DEBTOR reaches age sixty six (66)
- d. 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 premium net of charges shall be refunded to the Insured DEBTOR.

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

Section 15 NOTICE AND PROOF OF CLAIM

- a. When an Insured DEBTOR dies, the CREDITOR shall notify KCCDFI MBA of such death, stating the full name and address of the deceased, the cause and date of death.
- b. Notice of claim must be submitted to KCCDFI MBA 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. 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 16 CLAIM SETTLEMENT

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

Section 17 CERTIFICATE OF INSURANCE

KCCDFI MBA 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 Master Policy, the provisions of the latter shall be upheld.

- Section 18 NON-TRANSFERABILITY CLAUSE**
The Certificate of Credit Life Insurance coverage is non-transferable.
- Section 19 RECORDS OF THE CREDITOR**
The CREDITOR shall make available to KCCDFI MBA on request any books or records pertaining to the accounts of the Insured DEBTOR. The CREDITOR shall also furnish KCCDFI MBA with records, data, proofs or other information which the latter may deem necessary for the proper administration of the Master Policy.
- Section 20 TERMINATION OF MASTER 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 the Master Policy; or
b. Date of the KCCDFI MBA's written notice of termination to the CREDITOR when the number of the DEBTORS falls below the required minimum number.
- Section 21 LIMITATION OF COMPLAINTS**
Any complaint or grievance on the 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 22 DISPUTE RESOLUTION**
All disputes arising in connection with the Master Policy shall be initially settled through alternative dispute resolution mechanism.
- Section 23 AVAILABILITY OF MASTER POLICY AND IMPLEMENTING RULES AND REGULATIONS**
A copy of the Master Policy and Implementing Rules and Regulations 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 24 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 25 AMENDMENTS TO THE IMPLEMENTING RULES AND REGULATIONS**
Any amendment/s to this Implementing Rules and Regulations is/are subject to approval by the Insurance Commission.

A handwritten signature in black ink, appearing to read "J. M. L.", is located in the lower right quadrant of the page.

IMPORTANT NOTICE

The Insurance Commission, with offices in Manila, Cebu and Davao, is the government office in charge of the enforcement of all laws related to insurance and has supervision over mutual benefit associations and intermediaries. It is ready at all times to assist the general public in matters pertaining to insurance. For any inquiries or complaints, please contact the Public Assistance and Mediation Division (PAMD) of the Insurance Commission at 1071 United Nations Avenue, Manila with telephone numbers +632-5238461 to 70 and with email address pubassist@insurance.gov.ph. The Official website of the Insurance Commission is www.insurance.gov.ph.

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Form No. _____

DEBTOR'S APPLICATION FOR CREDIT LIFE INSURANCE

General Information

Relating to the Debtor

Last Name		<input type="checkbox"/> Male	<input type="checkbox"/> Mr.	<input type="checkbox"/> Miss
First Name		<input type="checkbox"/> Female	<input type="checkbox"/> Mrs.	<input type="checkbox"/> Others
Middle Name		<input type="checkbox"/> Single	<input type="checkbox"/> Divorced	<input type="checkbox"/> Separated
		<input type="checkbox"/> Married	<input type="checkbox"/> Widowed	<input type="checkbox"/> Others
Residence Address (no., street, municipality, city, province, country, zip code)		Birthday (dd/mm/yyyy)		Age
Occupation/ Source of Income				
Home Phone	Cell Phone	TIN/SSS/GSIS/Valid I.D.		Nationality
Name of Creditor				
Amount of Loan				
CLIP Application <input type="checkbox"/> New	Status <input type="checkbox"/> Renewal	Type of Loan		Term of Loan

Relating to the Secondary Beneficiary/ies

Beneficiary/ies to receive the remaining balance after deducting the outstanding loan balance from the insured Loan Amount.

Name (First Name, MI, Last Name)	Date of Birth (dd/mm/yyyy)	Relationship to the Debtor
<input type="checkbox"/> I would like to designate my secondary beneficiaries to be the same as the beneficiaries indicated in my Application for Membership in KCCDFI MBA.		

Declaration of Good Health and Insurability

☐ I hereby declare to the best of my knowledge and belief that I am in good health and condition.

All the above statements and answers are full, complete and true and I understand that KCCDFI MBA, believing them to be such, will rely and act on them. This insurance shall not take effect if there will be fraud, concealment or misrepresentation on said statement material to the risk and until the contributions is paid.

-----TO BE FILLED IN BY KCCDFI MBA:-----

Signature of Debtor to be Insured X	Status of Application for Insurance <input type="checkbox"/> Approved <input checked="" type="checkbox"/> Denied	Amount of Premium Paid
Signature of Manager/ Loan Officer X	Signature of Approving Officer	Effective Date of Coverage
Date of Signing (dd/mm/yyyy)	Amount of Loan Insured	Expiration Date of Coverage

UNDER THE PROVISION OF SEC. 226 OF PRESIDENTIAL DECREE NO. 1460 OTHERWISE KNOWN AS THE INSURANCE



KCCDFI MUTUAL BENEFIT ASSOCIATION, INC.

CERTIFICATE OF INSURANCE

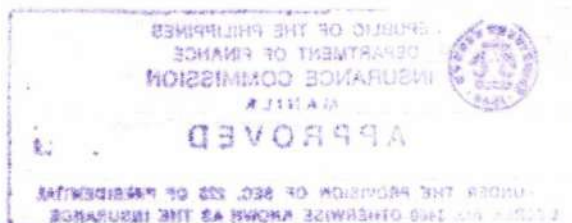
Certificate No. _____

KCCDFI Mutual Benefit Association, Inc. (KCCDFI MBA) hereby insures the life of _____ an annual basis, for the entire duration of the loan under this certificate of insurance and will pay the beneficiary/ies, upon due proof of death of the Debtor, the insured Loan Amount to be applied in the following order:

Payable to the CREDITOR: THE OUTSTANDING LOAN BALANCE, excluding interest charges, at the time of death of the Insured DEBTOR
Payable to the SECONDARY BENEFICIARY/IES: THE REMAINING BALANCE AFTER DEDUCTING THE OUTSTANDING LOAN BALANCE FROM THE INSURED LOAN AMOUNT

Group Master Policy No.:

Name of Creditor:	Loan Amount:
Date of Loan:	Effective Date of Coverage:
Term of Loan:	Expiration Date of Coverage:
_____ President, KCCDFI MBA	_____ General Manager, KCCDFI MBA



EXCERPTS OF MASTER POLICY

DEATH BENEFIT

Upon the death of the Insured DEBTOR, KCCDFI MBA will pay the Loan Amount insured during the period of coverage in the following manner:

- 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.
- the remaining balance after deducting from the insured Loan Amount stated in (a) is payable to the beneficiary/ies declared in the Debtor's Application for Credit Life Insurance.

TERMINATION

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

- upon the death of the Insured DEBTOR
- upon the expiration of the term of the loan
- when the Insured DEBTOR reaches age 65
- upon full payment of the loan

NOTICE AND PROOF OF CLAIMS

When an Insured DEBTOR dies, the CREDITOR shall notify KCCDFI MBA of such death, stating full name and address of the Insured DEBTOR, the cause and date of death. 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 it was reasonably possible.

CLAIMS SETTLEMENT

Settlement shall be made by KCCDFI MBA not later than ten (10) working days upon receipt of complete documents.

AVAILABILITY OF MASTER POLICY AND IMPLEMENTING RULES AND REGULATIONS

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

IMPORTANT NOTICE

The Insurance Commission, with offices in Manila, Cebu and Davao, is the government office in charge of the enforcement of all laws related to insurance and has supervision over mutual benefit associations and intermediaries. It is ready at all times to assist the general public in matters pertaining to insurance. For any inquiries or complaints, please contact the Public Assistance and Mediation Division (PAMD) of the Insurance Commission at 1071 United Nations Avenue, Manila with the telephone numbers +632-5238461 to 70 and with email address publicassist@insurance.gov.ph. The official website of the Insurance Commission is www.insurance.gov.ph