



KAZAMA Grameen (KGI)
Mutual Benefit Association, Inc.
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**MASTER POLICY CONTRACT OF
 CREDIT LIFE INSURANCE PLAN (CLIP)**

ENTIRE CONTRACT

This Master Policy Contract, any Supplementary Contract, Endorsements, and any amendments thereto, including the Creditor's and DEBTOR's Application for Credit Life Insurance Plan shall constitute the entire contract between the parties hereto. All statements made by the CREDITOR or by the DEBTOR shall in the absence of fraud, be deemed representations and not warranties. No statement shall void this Master Policy Contract or be used in defense to a claim, unless it is contained in the written application thereof.

KAZAMA GRAMEEN Mutual Benefit Association, Inc. (KGI 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 an insurance on the life of a DEBTOR in connection with a specific loan to provide payment equal to the insured Loan Amount.

- Section 2 CREDITOR**
 CREDITOR means the lender of money for which payment is arranged through a credit transaction.

- Section 3 DEBTOR**
 DEBTOR means a borrower of money for which payment is arranged through a credit transaction.

- Section 4 ELIGIBILITY REQUIREMENTS FOR DEBTORS**
 - a. DEBTORS must be a member of Kazama Grameen, Inc. (KGI) or other organized groups recognized by KGI MBA in order to be eligible for coverage.
 - b. DEBTORS must be insured under the Basic Life Insurance Program (BLIP) of KGI MBA
 - c. All new members must be at least eighteen (18) years old but not more than fifty five (55) years old at the first loan release date.
 - d. DEBTORS applying for renewal of coverage must not be more than sixty-four (64) years old.
 - e. Must be in good health

- Section 5 MAXIMUM BENEFIT**
 - a. The maximum benefit under CLIP shall not exceed one thousand (1,000) times the daily minimum wage rate of non-agricultural workers in Metro Manila.


 REPUBLIC OF THE PHILIPPINES
 DEPARTMENT OF FINANCE
 INSURANCE COMMISSION
 MANILA
APPROVED
UNDER THE PROVISION OF SECTION 232 OF P.D. NO. 612 OTHERWISE KNOWN AS "THE INSURANCE CODE" AS AMENDED BY R.A. NO. 10607.
 BY AUTHORITY OF THE INSURANCE COMMISSIONER
July 3 2017 JOSE MARI F. TOLENTINO
DATE Office-In-Charge
 Legal Services Group




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

Section 6 **MAXIMUM PREMIUM**

- a. The maximum amount of premiums computed on a daily basis shall not exceed seven and a half percent (7.5%) of the daily minimum wage rate for non-agricultural workers in Metro Manila.
- b. Should there be any amendments to the existing regulatory provision, the maximum insurable Loan Amount may follow accordingly.

Section 7 **BENEFITS**

Upon the death or total and permanent disability (TPD) of the DEBTOR during the period of coverage, KGI MBA will pay the **Insured Loan Amount** in the following manner:

- a. The amount of death or TPD benefit which is the insured Loan Amount shall be first applied to the outstanding loan balance of the DEBTOR. This amount is payable to the CREDITOR.
- b. The remaining balance, after deducting the amount stated in Section 7a from the insured loan the amount, shall be payable to the secondary beneficiary/ies declared in the Debtor's Application for Credit Life Insurance.

Section 8 **TOTAL AND PERMANENT DISABILITY**

Total and permanent disability shall mean disability caused by bodily injury or disease which prevents the member from engaging in any gainful activity and must continue uninterrupted for at least six (6) months. Bodily injury is defined as physical damage to a person's body.

There are two types of TPD coverage:

1. Disability with dismemberment – The loss of both arms, or both legs, of one arm and one leg, or of both eyes, shall be considered total and permanent disability. 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 DEBTOR becomes sick or meets an accident without dismemberment resulting to complete inability to engage in any gainful employment and becomes bedridden, he or she can be considered as totally and permanently disabled if after six (6) months the health condition has not improved as confirmed by a licensed doctor.

Section 9 **PRIMARY AND SECONDARY BENEFICIARIES**

- a. The CREDITOR is the primary beneficiary and the secondary beneficiary/ies are those declared by the DEBTOR in the **Debtor's Application for Credit Life Insurance**.
- b. The right to change the secondary beneficiary/ies is reserved to every DEBTOR, who may at any time, designate a new beneficiary. Such request for change must be in writing signed by the DEBTOR and must be submitted to and approved by KGI MBA Main Office.

When a DEBTOR dies without a designated secondary beneficiary/ies, the benefits payable thereon shall be awarded to the legal heirs according to existing laws.

Handwritten signature and mark.



- Section 10 PREMIUMS AND IDENTIFIABLE CHARGES**
- a. DEBTORS shall be charged an annual premium of **10 pesos per one thousand pesos (PhP 1,000) of the Loan Amount per year** for the benefits described in Section 7.
 - b. The amount of premium shall be deducted upfront from the loan proceeds.
 - c. KGI MBA will review the premium rates on a yearly basis. KGI MBA reserves the right to change the premium rate at any time it deems appropriate subject to the approval of the Insurance Commission to maintain the funds of the KGI MBA at a level adequate to meet its benefit obligations or commitments under the Master Policy Contract.

- Section 11 SUICIDE**
- KGI MBA will not be liable in case of suicide by the DEBTOR within one (1) year from the effective date of DEBTOR'S 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, KGI MBA's liability shall be limited to the return of the premiums paid for the account of the DEBTOR.

- Section 12 EFFECTIVE DATE OF INDIVIDUAL COVERAGE**
- a. Credit Life Insurance shall take effect upon the date of loan release by the CREDITOR to the DEBTOR, as indicated in the Certificate of Insurance issued by the CREDITOR, and the full payment of premium.
 - b. The 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 Master Policy Contract 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 covered upon approval of the CLIP and of the payment of the premium.
 - d. The term of insurance coverage shall not exceed the term of loan as stated in the Certificate of Insurance issued to the DEBTOR given by the CREDITOR.

- Section 13 INCONTESTABILITY**
- Except for any grounds recognized by law and jurisprudence, KGI MBA cannot contest the individual coverage after it has been in force during the lifetime of the DEBTOR for one (1) year from the effective date of Individual Coverage.

- Section 14 EVIDENCE OF INSURABILITY**
- No medical examination shall be required. However, KGI MBA reserves the right to require a DEBTOR to undergo medical examination if found to be physically impaired through any information obtained by KGI MBA. The MBA further reserves the right to decline the DEBTOR's coverage if found uninsurable.

The DEBTOR shall be required to complete a Declaration of Good Health and Insurability.

- Section 15 TERMINATION OF INDIVIDUAL COVERAGE**
- The insurance coverage shall automatically terminate under the earliest of the following conditions:
- a. upon death or TPD of the DEBTOR; or
 - b. upon the expiration of the term of the loan which is the expiration date of coverage stated in the Certificate of Insurance; or

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- c. when the DEBTOR reaches sixty-five (65) years old; or
- d. upon full payment of the loan; or
- e. upon termination of the CLIP Master Policy Contract; or
- f. Upon termination of Debtor's BLIP coverage

If the DEBTOR decides to fully pay the outstanding loan balance before the expiration of the term of loan, the unearned portion of the gross premium, net of administrative and collection fees shall be refunded to the DEBTOR.

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

Section 16 NOTICE AND PROOF OF CLAIM

- a. When a DEBTOR dies or suffers TPD, the CREDITOR must notify KGI MBA of the said event, stating the full name and address of the DEBTOR and the cause and date of death or TPD.
- b. Notice of claim must be submitted to KGI MBA within thirty (30) days and proof of claim within ninety (90) days, respectively, from the date of accidental death or TPD of the DEBTOR.
- 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 it was reasonably possible.

Section 17 CLAIM SETTLEMENT

Payment of claims shall be made by KGI MBA not later than ten (10) working days from date of receipt of complete documents required to validate the claim.

Section 18 CERTIFICATE OF INSURANCE

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

Section 19 NON-TRANSFERABILITY CLAUSE

The Certificate of Insurance is non-transferable.

Section 20 RECORDS OF THE CREDITOR

The CREDITOR shall make available to KGI MBA, on request, any books or records pertaining to the accounts of the DEBTOR. The CREDITOR shall also furnish KGI MBA with records, data, proofs or other information which the latter may deem necessary for the proper administration of this Master Policy Contract.

Section 21 TERMINATION OF MASTER POLICY CONTRACT

This Master Policy contract shall automatically terminate upon the receipt of a written notice, from the CREDITOR to KGI MBA, to terminate the Master Policy contract.

Section 22 LIMITATION OF COMPLAINTS

Any complaint or grievance on this Master Policy contract must be filed with the proper authorities within five (5) years from the time of rejection or denial of the



claim. The venue for filing of complaints and grievances on the Master Policy contract must not be limited to the place of issue of the contract.

Section 23 DISPUTE RESOLUTIONS

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

Section 24 AVAILABILITY OF THIS MASTER POLICY CONTRACT

A copy of this Master Policy contract shall be kept in the Main Office and in the custody of the CREDITOR. It will be available to the DEBTORS for their inspection during the regular office hours of the CREDITOR.

Section 25 NON-APPLICABILITY OF ARTICLE 1250 OF CIVIL CODE OF THE PHILIPPINES

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 this Policy or any Supplementary Contract issued in connection with and attached to the Master Policy contract.

Section 26 AMENDMENTS TO THIS MASTER POLICY CONTRACT

Any amendment/s to this Master Policy Contract is/are subject to approval of the Insurance Commission.

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. It is ready at all times to assist the general public in matters related to insurance. For any inquiries or complaints, please contact the Public Assistance and Mediation Division (PAMD) of the Insurance Commission located at 1071 United Nations Avenue, Ermita Manila with the telephone numbers +632-5238461 to 70 and email address publicassistance@insurance.gov.ph. The Official website of the Insurance Commission is www.insurance.gov.ph.

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