



MAAGAP
INSURANCE INC.

CANCELLATION AND REFUND POLICY

1.0 OVERVIEW

An insurance company and its client both have responsibilities in dealing with each other in utmost good faith (*uberrima fides*). It is one of the basic principles in insurance which parties must consistently adhere to for the duration of the policy period. This is because an insurance policy serves as a contract which embodies the obligations of the parties (insurer and insured).

The insurer, in consideration of the premium it received from the insured, must provide the latter the right protection they need and get the most from the insurance coverage that the client purchased by paying premium.

In turn, the insured must make sure that it pays the premium accordingly and follow or comply with the policy's terms and conditions.

Nevertheless, there are instances where the policy can be cancelled and the premium returned by either of the parties provided it is allowed and within the purview of the Insurance Code.

2.0 RETURN OF PREMIUM

Based on the guidelines set by the Insurance Commission in reference to the Insurance Code of the Philippines, as amended, the following details the insured's right of return of premium and the conditions when they are entitled to a return of premium.

- To the whole premium if no part of his interest in the thing insured be exposed to any of the perils insured against; (Section 80, Insurance Code).
- Where the insurance is made for a definite period and the insured surrenders his policy, to such portion of the premium as corresponds with the unexpired time, at a pro-rata rate, unless a short period rate has been agreed upon and appears on the face of the policy, after deducting from the whole premium any claim for loss or damage under the policy which has previously accrued: Provided, That no holder of a life insurance policy may avail himself of the privileges of this paragraph without sufficient cause as otherwise provided by law. (Section 80, Insurance Code).
- A person insured is entitled to a return of the premium when the contract is voidable, and subsequently void under the provisions of the Civil Code; or on account of the fraud or misrepresentation of the insurer, or of his agent, or on account of facts, or the existence of which the insured was ignorant of without his fault; or when by any default of the insured other than actual fraud, the insurer never incurred any liability under the policy. (Section 82, Insurance Code).
- In case of an over insurance by several insurers, the insured is entitled to a ratable return of the premium, proportioned to the amount by which the aggregate sum insured in all the policies exceeds the insurable value of the thing at risk. (Section 83, Insurance Code).

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- Insurer may cancel the policy in accordance with the Insurance Code, in which case, insurer shall return to the insured premiums paid less pro-rata portion thereof for the period when the policy has been in force.
- In the event the Policy is surrendered by the insured for cancellation, the Company shall retain a premium in accordance with the following scale for the time the policy has been in force:

No. of month/s	1	2	3	4	5	6	7	8	9	10	11
Percentage	20	30	40	50	60	70	75	80	85	90	95

- For premium refund, applicable government taxes charged to the policy issuance are non-refundable.
- For transaction made through electronic commerce platform (MAA website or mobile application), cancellation of a completed transaction or payment can be made within 24 hours, if the user/client did not intend to make such digital payment. In such case, acceptable reasons for cancellation include, but not limited to, the following:
 - Accidentally clicking/tapping on the option of making electronic payment;
 - The user/client erroneously/accidentally paid for the wrong product.
- All matters pertaining to refund or cancellation can be relayed to the company through the following contact details:

Landline: 02- 8867-2452 to 55

Email Address: customerservice@maa.com.ph

3.0 NON-ENTITLEMENT TO RETURN OF PREMIUM

However, there are also conditions where the person insured is **NOT** entitled to a return of premium:

- If a peril insured against has existed, and the insurer has been liable for any period, however short, the insured is not entitled to return of premiums, so far as that particular risk is concerned. (Section 81, Insurance Code).
- A person insured is not entitled to a return of premium if the policy is cancelled, withdrawn or if a claim is denied by reason of fraud. (Section 82, Insurance Code).

4.0 CANCELLATION OF POLICY

Per Insurance Commission guidelines, it also details the conditions which allow insurers to cancel a premium.

- A. The insurer can cancel no policy of insurance except upon prior notice to the insured, and no notice of cancellation shall be effective unless it is based on the occurrence, after the effective date of the policy, of one or more of the following:
- Non-payment of premium;
 - Conviction of a crime arising out of acts increasing the hazard insured against;
 - discovery of fraud or material misrepresentation;
 - discovery of willful or reckless act or omission increasing the hazard insured against;
 - physical changes in the property insured which result in the property becoming uninsurable; or
 - determination by the Commissioner that the continuation of the policy would place the insurer in violation of this Code. (Section 64, Insurance Code).
- B. All notices of cancellation shall be in writing, mailed, or delivered to the insured at the address shown in the policy or to their broker, provided the broker is authorized in writing by the policy owner to receive the notice of cancellation on his behalf and shall state:
- Which of the grounds set forth in Section 64 of the Insurance Code is relied upon; and
 - That, upon written request of the named insured, the insurer will furnish the facts on which the cancellation is based. (Section 65, Insurance Code)

5.0 RIGHT OF RESCISSION

There are instances of insured and insurer's right to revoke, cancel, or repeal an insurance policy and the conditions when they are entitled to rescind a premium.

- A. Termination may include rescission or cancellation of the policy. In case of termination other than the grounds under Section 64 of the Insurance Code, the violation of the policy's provision or any breach must be consistent with grounds allowed by the law on concealment, representation, and warranty.
- B. The insurer has the right to rescind the policy under the following grounds:
- When representation is false on a material point whether affirmative or promissory. (Section 45, Insurance Code).
 - Violation of material warranty on the part of either party or other material provisions of the policy. (Section 74, Insurance Code)
 - Intentional or unintentional concealment. (Section 27, Insurance Code)
 - A policy that declares a violation of a specified provision shall avoid a policy. (Section 75, Insurance Code).
 - Intentional or fraudulent omission, on the part of one insured, to communicate information of matters proving or tending to prove the falsity of a warranty. (Section 29, Insurance Code).
- C. The insurer is entitled to rescind a contract of fire insurance in case of an alteration in the use or condition of a thing insured from that to which it is limited by the policy made without the consent of the insurer, by means within the control of the insured, and increasing the risks. (Section 171, Insurance Code)