

Comments on the Recent Amendments to the Insurance Code

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The Comment discusses *Batas Pambansa (B.P.) Blg. 874* which amended five sections of Presidential Decree No. 1460 or what is known as the Insurance Code of 1978. Firstly, *B.P. Blg. 874* has modified the Insurance Code to revert back to the old rule, which provides that the party injured by concealment does not have to prove intention to conceal by the other party to be able to rescind a contract.

B.P. Blg. 874 also amended Section 45 of the Code by removing the word “intentionally” before the word “false” thereby eliminating the element of intention in misrepresentation cases. Said provision is also further amended by adding a second sentence thereto, which stipules that whenever the Code grants the insurer the right to rescind the policy for any reason, such right is waived by the acceptance of a premium despite knowledge of the ground of rescission.

B.P. Blg. 874 also settled the controversy surrounding suicide and the insurer’s liability. Thus, the insurer is not liable in a life insurance policy where the insured commits suicide within two years from the issuance of the policy or last reinstatement; however, if the insured commits suicide after said period, the insurer is liable. Changes concerning prescriptive period in motor vehicle insurance and appeal are also shown.