

Logo of the Superintendency of
Insurance and Reinsurance of Panama

CIRCULAR N° SSRP-008-2020

Panama, February 10, 2020

**General Managers of Insurance Companies and
Chairmen of Associations of Insurance Brokers**

Subject: Freedom of Contracting.

Any natural or legal person is free of contracting insurance policies according to their needs

The purpose of this circular is to remind you that any natural or legal person is free to choose his/her/their insurance company and insurance broker in the transactions that require contracting insurance policies, especially when it is a requirement of a mortgager and the contracting is through banks or trust companies.

It is noteworthy to mention that Article 150 of Law 12 dated 3 April 2012 “Whereby the insurance activity is regulated and other provisions are prescribed” establishes:

*“**Article 150. Freedom of contracting.** All individuals and legal entities have the freedom to contract insurance policies directly from the insurance companies or through insurance brokers, insurance policy sellers, insurance executive accounts or through trading channels authorized herein, as well as the insurance type, the premium, the general and specific conditions and any other specific requirements.*

The customers of private and state-owned banks, finance companies, trust companies, cooperatives and car dealers will be free to choose and appoint their insurance companies, insurance policy sellers and insurance brokers (whether individuals or legal entities) in transactions that require contracting any type of insurance policy.

As for group insurance policies, please bear in mind the provisions of Article 151 of Law 12 of 2012 that stipulates:

*“**Article 151. Option to be affiliated with a group insurance policy and option to terminate the individual policy.** The customers of private and state-owned banks, finance companies, trust companies, cooperatives and car dealers are also free to choose to be affiliated with the entity’s group insurance policies or to submit an equivalent individual insurance policy. The*

customers that chooses to be affiliated to the existing group insurance policies must adhere to all of the contractual conditions previously agreed on by the entity; however, if the customer chooses to contract an individual insurance policy, he/she may not condition the transfer of an insurance policy from an insurance company to said entity to surcharges or special conditions in detriment of the insured party. At no time may choosing an individual insurance policy be penalized with surcharges or any conditions unfavorable to the insured.

The Superintendency will repeal any provision contrary to the provisions herein.”

Bank customers that require the provision of insurance policies, may willingly choose to be a member of the existing group insurance policies or may choose to contract an individual insurance policy, with any insurance company, that covers the same risks and under equal conditions of the group insurance policy agreed on by the entity, in order to comply with this requirement.

We will appreciate your informing of this circular to your employees.

Best regards,

(Signed)

ALBERTO C. VÁSQUEZ R.

Superintendent of Insurance and Reinsurance of Panama

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