



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



Circular Letter (CL) No. :	2017-23
Date :	11 April 2017
Supplements:	CL No. 2016-48 dated 01 September 2016

CIRCULAR LETTER

TO : ALL HEALTH MAINTENANCE ORGANIZATIONS (HMOs)
DOING BUSINESS IN THE PHILIPPINES

SUBJECT : SUPPLEMENT TO CIRCULAR LETTER NO. 2016-48 DATED
01 SEPTEMBER 2016, ISSUING A TEMPLATE OF
JOINT CERTIFICATION AND UNDERTAKING FOR
HEALTH MAINTENANCE ORGANIZATIONS (HMOs)

WHEREAS, pursuant to Executive Order (EO) No. 192, s 2015, transferring the regulation and supervision over HMOs from Department of Health (DOH) to the Insurance Commission (IC), directing the implementation thereof and for other purposes, the IC issued Circular Letter 2016-41 dated 29 July 2016 on Minimum Capitalization and Financial Capacity Requirements for HMOs

WHEREAS, the provisions of Section 1.2 (a) and (e) of the Circular Letter 2016-41 provides that:

- a. "Unless otherwise provided by law, HMOs shall deposit with the Commission, or at the discretion of the Commissioner, trustee bank acceptable to the Commissioner through which a custodial account is utilized, cash, treasury bills, treasury bonds or any combination of these that are acceptable to the Commissioner which at all times shall have a value of not less than twenty percent (20%) of HMOs actual Paid-Up Capital.
- e. Deposits, substitutions and withdrawals may be made only with the prior written approval of the Commission."

WHEREAS, to accommodate the utilization of Investment Management Agreement (IMA) Account as a deposit requirement, the Insurance Commission issued Circular Letter No. 2016-48 on Deposit Requirements of Health Maintenance Organizations (HMOs) attaching therewith the prescribed template of an Undertaking to be duly executed by the bank and HMO company;

WHEREAS, the item number two (2) of the prescribed template of Undertaking document states that:

“that (Name of HMO) pledged the reference (deposit/investment instrument) to the Insurance Commission and (Name of Bank) has recorded on its books that the securities are pledged to and held for the benefit and protection of enrolled members of (Name of HMO).”

WHEREAS, the intent of the undertaking document is to ensure that the deposit/investment instrument is set aside and held solely for the benefit of the members of the HMO company;

WHEREAS, the term “pledged” caused obscurity in the interpretation as to the purpose of the Circular and to the concept of pledge in Civil law;

NOW THEREFORE, to eliminate the term pledge, the Insurance Commission hereby issues this supplementary Circular on Deposit Requirement attaching a template of Joint Certification and Undertaking document which shall be used in compliance with Circular Letter No. 2016-41 effective immediately.

TO THIS EFFECT, all Notarized Undertaking previously submitted and verified in accordance with Circular Letter No. 2016-48 shall remain valid and binding.

For information and guidance.



DENNIS B. FUNA
Insurance Commission



BANK LETTERHEAD

JOINT CERTIFICATION AND UNDERTAKING

Date: _____

INSURANCE COMMISSION

1071 United Nations Avenue,
Ermita, Manila

Name of HMO: _____

Investment Description: _____

Amount: _____

Insurance Commissioner:

In reference to the above-captioned subject matter, the undersigned BANK and HMO hereby certify that:

1. The Bank, as investment manager, has in its record the deposit/investment instrument in the amount of _____ under the account name of _____ with Account Number _____;
2. Said deposit/investment instrument was placed for the benefit and protection of enrolled members of _____;
3. No prior liens or assignments relative to such deposit/investment instrument were recorded in Bank's Books;
4. Said deposit/investment instrument was placed with the Bank in compliance with the Insurance Commission's Circular Letter 2016-41.

In relation to the above, the bank and HMO hereby undertakes that is shall not allow, process, entertain or cause any withdrawal or transfer any part of the deposit/investment instrument unless duly authorized in writing by the Insurance Commission and shall immediately inform the Insurance Commission of any attempt thereto.

(Name of HMO)

Authorized Signature:
Title/Position:
Contact Details:
Date:

(Name of the Bank)

Authorized Signature:
Title/Position:
Contact Details:
Date:

(Note: This Undertaking must be duly notarized.)