CIRCULAR LETTER

TO : ALL INSURANCE / REINSURANCE COMPANIES DOING BUSINESS IN THE PHILIPPINES

SUBJECT : AMENDMENTS TO CIRCULAR LETTER NO. 2019-49 ON THE SUPPLEMENTAL GUIDELINES ON BUSINESS PROCESS OUTSOURCING (“BPO”) ACTIVITIES OF INSURERS / REINSURERS


WHEREAS, Circular Letter No. 2019-49 required the pre-approval of outsourcing agreements/contracts as the Commission found “x x x it important to evaluate the outsourcing agreements/contracts entered into by insurers/reinsurers and BPO Providers to determine compliance with provisions of Circular Letter No. 2018-72 dated 28 December 2018 in the interest of protecting both the insurance industry and the insuring public;”

WHEREAS, this Commission now finds the need to amend pertinent provisions of Circular Letter No. 2019-49 to remove the process of pre-approval of outsourcing agreements/contracts in order to harmonize the purposes of this Commission’s Circular Letter Nos. 2018-72 and 2019-49 with the government policy stated in the Ease of Doing Business and Efficient Government Service Delivery Act of 2018, otherwise known as Republic Act No. 11032, particularly “x x x the adoption of
simplified requirements and procedures that will reduce red tape and expedite business and nonbusiness related transactions in government;"

WHEREAS, instead of requiring the pre-approval of outsourcing agreements/contracts, this Commission shall only require the annual reporting of the same in relation to Section 3 of Circular Letter No. 2019-49 requiring the evaluation of the same as part of the regular or special examination into the affairs and methods of doing business of insurers/reinsurers in accordance with Section 253 of the Insurance Code of the Philippines, as amended by Republic Act No. 10607;

NOW, THEREFORE, pursuant to the undersigned’s powers under Section 437 of the Insurance Code of the Philippines, as amended by Republic Act No. 10607, to “x x x amend or repeal rules, regulations and orders,” the following Amendments to the Supplemental Guidelines on Business Process Outsourcing (BPO) Activities of Insurers/Reinsurers are hereby adopted and promulgated, to wit:

1. Amendments to Circular Letter No. 2019-49. – Section 1 of Circular Letter No. 2019-49 dated 12 September 2019 is hereby amended to read as follows:

   “1. Annual Reporting of Outsourcing Agreements/Contracts. – All insurers/reinsurers shall submit to the concerned Division of this Commission’s Financial Examination Group their respective reports as regards their existing outsourcing agreements/contracts as of 31 December of every calendar year on or before 31 March of the next succeeding calendar year.

   Said companies’ respective initial reports covering existing outsourcing agreements/contracts as of 31 December 2019 shall be submitted on or before 31 March 2020.”

Section 2 of the same Circular Letter is hereby deleted; and Section 3 thereof is hereby retained.

2. Effectivity. – This Circular Letter shall take effect immediately.

DENNIS B. FUNA
Insurance Commissioner