CIRCULAR LETTER

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

SUBJECT: SUPPLEMENTAL GUIDELINES ON ANNUAL REPORTING OF BUSINESS PROCESS OUTSOURCING (BPO) ACTIVITIES UNDER SECTION 1 OF CIRCULAR LETTER NO. 2019-49, AS AMENDED BY SECTION 1 OF CIRCULAR LETTER NO. 2019-54


WHEREAS, under Section 1 of Circular Letter No. 2019-54, this Commission removed the process of pre-approval of outsourcing agreements/contracts and instead only required the annual reporting 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; and
WHEREAS, this Commission has recently received several inquiries as regards the scope of the required annual reports and the contents of or required information under said reports; and thus finds the need to provide clarification as regards said matters;

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 “amend or repeal rules, regulations and orders,” the following Supplemental Guidelines on Annual Reporting of Business Process Activities under Section 1 of Circular Letter No. 2019-49, as Amended by Section 1 of Circular Letter No. 2019-54 are hereby adopted and promulgated, to wit:

1. **Scope of Annual Reports.** – The written annual reports required to be submitted under Section 1 of Circular Letter No. 2019-49, as amended by Section 1 of Circular Letter No. 2019-54, shall only include outsourcing agreements/contracts that are related to the conduct of insurance or reinsurance business. Said annual reports shall not include outsourcing agreements/contracts that are only incidental or unrelated to the conduct of insurance or reinsurance business (e.g., messengerial, janitorial, and security services, etc.)

2. **Contents of Annual Reports.** – The written annual reports required to be submitted under Section 1 of Circular Letter No. 2019-49, as amended by Section 1 of Circular Letter No. 2019-54, shall include the following information, to wit:
   a. Identities of the contracting parties;
   b. Dates of the execution of the outsourcing agreements/contracts;
   c. Nature of the activities outsourced; and
   d. Period of the outsourcing agreements/contracts.

3. **Examination of Outsourcing Agreements/Contracts.** – In connection with the regular or special examination into the affairs and methods of doing business of insurers/reinsurers, this Commission’s examiners shall have the power to require an insurer / reinsurer to submit copies of its outsourcing agreements / contracts covered by the annual reports for examination.

4. **Effectivity.** – This Circular Letter shall take effect immediately.

[Signature]
DENNIS B. FUNA
Insurance Commissioner