



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



Circular Letter (CL) No.:	2022-07
Date:	16 February 2022
Supplements:	CL No. 21-2006 dated 23 May 2006; CL No. 11-2008 dated 03 March 2008; CL No. 2014-15 dated 15 May 2014; and CL No. 2020-90 dated 07 September 2020

CIRCULAR LETTER

TO : ALL PRE-NEED COMPANIES AND HEALTH MAINTENANCE ORGANIZATIONS

SUBJECT : ONLINE QUARTERLY SUBMISSION OF REPORTS ON NEGATIVE LIST OF OFFICERS AND EMPLOYEES FOR PRE-NEED COMPANIES AND HEALTH MAINTENANCE ORGANIZATIONS

WHEREAS, this Commission issued Circular Letter (CL) No. 2006-21 entitled "Negative List of Officers and Employees" dated 23 May 2006 requiring Insurance Companies, Mutual Benefit Associations, Trusts for Charitable Uses, Insurance and Reinsurance Brokers and other insurance intermediaries to submit a report on Negative List of Officers and Employees to the Insurance Commission every 20th day of the month;

WHEREAS, the schedule of submission of the report on Negative List of Officers and Employees to the Insurance Commission was changed from monthly to quarterly under CL No. 11-2008 dated 03 March 2008;

WHEREAS, Republic Act No. 9829, also known as the “Pre-Need Code of the Philippines,” was enacted on 03 December 2009 establishing the laws that would regulate the pre-need companies in the Philippines;

WHEREAS, CL No. 2014-15 entitled “Fees and Charges” dated 15 May 2014 set the penalty for the late submission of the report on Negative List of Officers and Employees to Five Thousand Pesos (₱5,000.00) per day of delay;

WHEREAS, section 4 of Executive Order No. 192, series of 2015, enacted on the 12 November 2015, provided the authority and specific functions of the Insurance Commission to regulate and supervise Health Maintenance Organizations (HMOs);

WHEREAS, the Commission issued CL No. 2020-90 entitled “Online Submission of Reports on Negative List of Officers and Employees” dated 07 September 2020 supplementing the aforementioned circulars, wherein Covered Entities are required to submit the quarterly reports on Negative List of Officers and Employees duly certified by a responsible officer, with a rank of at least Vice-President, through the Insurance Commission (IC) Anti-Money Laundering and Corporate Governance (AMLCG) Division Online Submission Portal;

NOW, THEREFORE, pursuant to the powers granted to the Insurance Commissioner under Section 437 of the Insurance Code of the Philippines, as amended, Section 6 of R.A. No. 9829, otherwise known as the Pre-Need Code of the Philippines, and Section 4 of Executive Order (E.O.) No. 192, Series of 2015, the guidelines on the Online Submission of Reports on Negative List of Officers and Employees for Pre-need Companies and Health Maintenance Organizations are hereby adopted and promulgated:

SECTION 1. Negative List of Officers and Employees

Inactive as well as active officers and employees who may have been found guilty of, or with pending complaints filed against them before the company, any administrative body, or court for committing any of the following shall be included in the list:

- a) Materially misrepresented statements in the application requirements;
- b) Obtained or attempted to obtain a license by fraud or misrepresentation;
- c) Materially misrepresented the terms and conditions of pre-need or HMO plan which he sold or offered to sell;
- d) Solicited, sold or attempted to solicit or sell a pre-need or HMO plan by means of false or misleading representation and other fraudulent means;
- e) Terminated for cause from another pre-need or HMO company;
- f) Convicted of any crime involving any pre-need or HMO plan, security or financial product;
- g) Convicted of an offense involving moral turpitude or involving fraud or embezzlement or theft, estafa or other fraudulent acts or transactions;
- h) By reason of any misconduct, enjoined by order, judgement or decree by any court, quasi-judicial body or administrative agency of competent jurisdiction

- from acting as a director, officer, employee, consultant, agent or occupying any fiduciary position;
- i) Wilfully violated or wilfully aided, abetted, counselled, commanded, induced or procured the violation of the Pre-need Code, the Insurance Code, the Securities Regulation Code or any related laws and any rules or orders thereunder;
 - j) Judicially declared to be insolvent or incapacitated to contract;
 - k) Found guilty by a foreign court, regulatory authority or government agency of the acts or violations similar to any of the acts or misconduct enumerated in the preceding paragraphs;
 - l) Wilfully allowing the use of one's license by a non-licensed or barred individual; and
 - m) Analogous circumstances.

SECTION 2. Online Quarterly Submission of Reports

All Pre-need Companies and Health Maintenance Organizations shall also adopt the guidelines on the Online Submission of Reports on Negative List of Officers and Employees provided under Section 1 of CL No. 2020-90 dated 07 September 2020.

The online submission of the reports shall start on the first quarter of 2022 onwards.

SECTION 3. Registration of Users

The submission of the Registration Forms ("**ANNEX A**" of CL No. 2020-90) for the two (2) designated users of the company shall be submitted through email to the Corporate Governance Unit (corpgovunit@insurance.gov.ph) not later than ten (10) days from the date of this CL.

SECTION 4. Imposable Penalty

Failure to submit the required report or certification within the prescribed deadline shall be meted with the same penalty, as in CL No. 2020-90 dated 07 September 2020, of Five Thousand Pesos (P5,000.00) per delay¹ but in no case shall the total penalty exceed Fifty Thousand Pesos (P50,000.00). Provided that such late submission has been made within thirty (30) days from said deadline. Otherwise, late submission beyond the deadline shall be deemed as non-submission.

Non-submission by covered entities of the required report or certification shall be meted by the IC with a penalty amounting to One Hundred Thousand Pesos (P100,000.00).

Failure to (a) submit the necessary/complete information, certification or documents; and/or (b) conform to the guidelines prescribed by this CL shall be considered non-submission.

¹ Pursuant to Item VII (B) of CL No. 2014-15 entitled "Fees and Charges" dated 15 May 2014

SECTION 5. Overseeing Unit


The IC's Corporate Governance Unit shall ensure compliance with this CL.

SECTION 6. Separability Clause

If any provision or section of this Circular Letter is held to be unconstitutional or invalid, the other provisions or sections hereof, which are not affected thereby shall continue to be in force and effect.

SECTION 7. Effectivity Clause

This Circular Letter shall take effect immediately.


DENNIS B. FUNA
Insurance Commissioner

