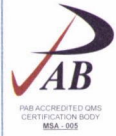




Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



Legal Opinion (LO) No.:	2020-16
Date:	11 December 2020

ATTY. JUAN ANDRES S. MONTOYA

Chief Operating Officer

MediCard Philippines, Inc.

8/F, The World Centre Building,

330 Sen. Gil Puyat Avenue

Makati City

SUBJECT: Inquiry on the Application of the Insurance Code

Dear **Atty. Montoya**:

This refers to your letter dated 19 October 2020 requesting this Commission to confirm whether there is an explicit provision mandating the applicability of the Insurance Code to Health Maintenance Organizations (HMOs). Your query is in view of the following circumstances set out in your letter:

“This is an inquiry in relation to Executive Order No. 192 dated November 12, 2019, transferring jurisdiction over Health Maintenance Organizations (HMOs) from the Department of Health to the Insurance Commission (IC). In spite of the express transfer of jurisdiction, it was not clearly stated therein whether the Insurance Code would be applicable to HMOs. On the other hand, HMOs have never been expressly classified as insurance companies. x x x”

Please note that Republic Act No. 10607, otherwise known as the Insurance Code, as amended, does not serve as the basis for the Commission’s exercise of jurisdiction over all its regulated entities. Instead, the Insurance Code, as amended, specifically grants the Commission the regulatory and supervisory authority over insurance companies, mutual benefit associations, holding companies, trusts for charitable uses, and other insurance intermediaries. Hence, **the basis for the Commission’s exercise of jurisdiction over its regulated entities is not the Insurance Code, as amended, in general, but the particular law or executive issuance governing each specific industry.** As such, the pre-need industry is governed by Republic Act No. 9829 or the Pre-Need Code, and HMOs are governed by Executive Order No. 192, Series of 2015, which transfers the jurisdiction to regulate and supervise the establishment,

operations and financial activities of HMOs from the DOH to the Insurance Commission.

The foregoing considered, the Commission confirms that there is no explicit provision, be it in the Insurance Code, as amended, or EO 192, mandating the applicability of the Insurance Code, as amended, to HMOs. Nevertheless, please note that the Commission, in issuing rules, regulations, and such other guidelines pursuant to the powers granted to it by relevant laws and executive issuances, specifies whether a particular IC issuance applies to a specific industry or to all regulated entities.

Please be guided accordingly.

Thank you.



DENNIS B. FUNA
Insurance Commissioner

