



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



PRESS RELEASE
15 September 2017

IC AFFIRMS CEASE AND DESIST ORDER AGAINST BFPMBAI

Insurance Commissioner Dennis B. Funa affirmed its earlier order directing the stoppage of the operations of BFP Mutual Aid Beneficiary Association, Inc.

In a Resolution dated 08 September 2017, Commissioner Funa affirmed its earlier decision ordering BFPMBAI, with office address at unit 304 Union Square Condominium, 145 15th Avenue, Cubao, Quezon City, to cease and desist from operating. The entity was found to have been operating as a mutual benefit association without the necessary secondary license from the Insurance Commission.

This order stemmed from the administrative complaint filed against BFPMBAI by Fire Services Mutual Benefit Association, Inc. (FSMBAI), a duly licensed mutual benefit association whose primary purpose is to provide for the payment of benefits exclusively to its member and their dependents. The members of FSMBAI are officers, employees and retirees of the Bureau of Fire Protection and personnel of the Department of Interior and Local Government.

Insurance Commissioner Funa said, "Based on the formal administrative complaint and documentary evidence presented by FSMBAI, the Commission found substantial proof showing that BFPMBAI is acting as a mutual benefit association, albeit the lack of necessary license from the Insurance Commission."

Under the Insurance Code, a mutual benefit association is a non-stock and non-profit organization which is primarily organized for the purpose of paying sick benefits to members, or of furnishing financial support to members while out of employment, or of paying to relatives of deceased members of fixed or any sum of money, irrespective of whether such purpose is carried out by means of fixed dues collected regularly.

A mutual benefit association is likewise defined as an organization which provides for payment of accident or life insurance business, by the issuance of certificates of insurance, out of such regular dues or assessments.

Commissioner Funa said, "Similar to life and non-life insurance companies, our Insurance Code requires mutual benefit organizations to secure a license from the Insurance Commission before they can actually operate as such. It should be noted that a mutual benefit association is defined under the Insurance Code, thus, its creation and operation must be governed by the Insurance Code."

Considering that it does not have a license from the Insurance Commission, a Cease and Desist Order (CDO) was issued against BFPMBAI enjoining it from conducting itself as a mutual benefit association and ordering to pay a fine in the amount of Two Hundred Thousand Pesos (P200,000.00).

"Considering that BFPMBAI is not a licensed MBA, it is neither entitled to operate as such nor perform acts necessary and/or incidental to the operation of an MBA including, but not limited to, collection of contribution/premiums from its members, payment of benefits and issuing insurance certificates," Commissioner Funa added.

Commissioner Funa said "With the affirmation of the issuance of the CDO against BFPMBAI, we expect that BFPMBAI will comply with the same. Otherwise, the same will warrant the imposition of administrative sanctions, including citing the company for contempt, and the filing of criminal charges against the individuals responsible for the defiance of the CDO issued."

Under the Rules Governing Administrative Cases Before the Insurance Commission, BFPMBAI may file a notice of appeal from a final order or resolution of the Insurance Commission to the Secretary of Finance within fifteen (15) days from receipt of the said order or resolution.

Commissioner Funa warned the public against dealing with unlicensed entities offering insurance, pre-need and HMO products.

"The insurance, pre-need and HMO businesses are being regulated by the Insurance Commission. These business are required to obtain a license from the Insurance Commission, otherwise their business is illegal. The general public can check the Insurance Commission website at www.insurance.gov.ph for the lists of licensed insurers, pre-need companies and HMOs."

As of date, there are thirty-five (35) entities duly licensed by the Insurance Commission to act as mutual benefit associations.


ATTY. JOANNE FRANCES D.C. CASTRO
Media Relations Officer
jfdc.castro@insurance.gov.ph