



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



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INSURANCE COMMISSION SHUTS DOWN ENTITY FOR ENGAGING IN INSURANCE ACTIVITIES WITHOUT LICENSE

Insurance Commissioner Dennis B. Funa announced that he has shut down the operations of Bureau of Fire Protection Mutual Aid Beneficiary Association, Inc. (BFPMBAI)—an entity administratively found to have been engaged in insurance activity as a mutual benefit association without license.

In an Order dated 12 December 2017, Insurance Commissioner Funa placed BFPMBAI under conservatorship on the ground that the entity is in a state of “continuing inability or unwillingness to maintain a condition of solvency or liquidity deemed adequate to protect the interest of policyholders and creditors.”

This Order stemmed from the finding of the Insurance Commission that BFPMBAI continues its operations despite the Commission’s Decision dated 09 February 2017 in 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 members 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.

After finding that BFPMBAI is operating as a mutual benefit association without the necessary secondary license from the Insurance Commission, Commissioner Funa issued a Decision dated 09 February 2017 ordering BFPMBAI to immediately cease and desist from continuing in its operations and to pay a P200,000.00 fine.

The 09 February 2017 Decision was later on affirmed by the Commission in its Resolution dated 08 September 2017.

“After the issuance of the 08 September 2017 Resolution and prior to the placing of the entity under conservatorship, the Commission gave BFPMBAI an opportunity to explain and show cause why it should not be placed under conservatorship,” said Commissioner Funa.

In the explanation submitted by BFPMBAI, through its counsel Ponce Enrile Reyes and Manalastas Law Offices, the entity alleged that any attempt by the Commission

to enforce its Cease and Desist Order in its 08 September 2017 Resolution is premature considering that the resolution of the same is now the subject of BFPMBAI's appeal to the Secretary of Finance.

"The Commission, on the other hand, is of the adamant position that BFPMBAI is a mutual benefit association doing an insurance business, as defined under Section 403 of the Insurance Code. Accordingly, we have no recourse but to enforce prompt corrective action by placing BFPMBAI under conservatorship in order to protect the interests of its members and/or creditors," said Commissioner Funa.

He added, "The Commission cannot be deprived of its regulatory powers under the Insurance Code by reason of the pendency of an appeal taken from the Commission's decision, order, or ruling issued in the exercise of its adjudicatory powers, unless enjoined by a court of competent jurisdiction or directed by the Secretary of Finance."

Commissioner Funa said, "The Insurance Commission has zero tolerance for unlicensed insurance activity in the country, thus we are advising the public to report any fraudulent entity and activities to our office so we can immediately conduct an investigation to prevent further harm to the public."

The Insurance Commission is advising the public to verify the identity of an entity before procuring any insurance, pre-need or health maintenance product, and check whether the entity is licensed to do business.


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