



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

PRESS RELEASE
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**PENALTIES FOR FAILURE TO TIMELY SUBMIT
REPORTORIAL REQUIREMENTS MAY NOW BE
REDUCED UP TO 50%, PER NEW IC CIRCULAR**

Insurance Commissioner Dennis Funa recently issued Circular Letter No. 2021-70, effectively authorizing the reduction of penalties imposed upon the Insurance Commission (IC)'s regulated entities up to fifty percent (50%) for failure to timely submit reportorial requirements.

Circular Letter No. 2021-70 amended Circular Letter No. 2019-07, which previously allowed for a reduction up to thirty percent (30%) of the penalties that the IC may impose on erring insurance companies, pre-need firms, and health maintenance organizations (HMOs).

According to the new Circular Letter, the IC may reduce up to fifty percent (50%) of the total sum of the penalty based on any of the following grounds:

- a. If the non-compliance or delay in the filing of reportorial requirements was shown to be beyond the control of the entity involved, as determined by the IC;
- b. If the penalty would be too burdensome and would greatly disrupt or affect the regulated entity's business operations, as determined by the IC;
- c. If the non-compliance or delay was due to inadvertent mistake or accident;
- d. If the non-compliance or delay was due to excusable negligence; or
- e. Other causes analogous to the foregoing, as determined by the IC.

Meanwhile, the other provisions of Circular No. 2019-07 remain to be effective, specifically as regards the procedure for the application for reduction of penalties and the contents of the written application therefor.

According to Circular Letter No. 2019-07, the erring regulated entity concerned may file a written application for the reduction of penalties addressed to the Insurance Commissioner within ten (10) calendar days from receipt of any order or notice to pay.

The written application shall contain facts and allegations pertaining to the grounds above-mentioned and accompanied by supporting documentation. The same must be likewise under oath and signed by the company's president or his or her equivalent,

or any authorized representative; provided, that the latter shall be duly authorized by the company to make such application as evinced by a secretary's certificate or director's certificate. Likewise, the oath taken by the responsible company officer should likewise allege that the same has read the correspondence and that the allegations therein are true and correct based on personal knowledge or authentic records.

Further, the application shall be denied outright if the same does not conform to the above-mentioned requirements.

A handwritten signature in black ink, appearing to read 'Alwyn', with a stylized, cursive flourish extending to the right.

ATTY. ALWYN FRANZ P. VILLARUEL
Media Relations Officer
afp.villaruel@insurance.gov.ph