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| Circular Letter (CL) No.: | 2022-52 |
| Date: | 28 November 2022 |
| Supersedes: | CL 2016-24, d. 19 April 2018 |

CIRCULAR LETTER

TO : ALL MUTUAL BENEFIT ASSOCIATIONS (MBAs)
AUTHORIZED TO TRANSACT BUSINESS IN THE
PHILIPPINES

SUBJECT : SUBMISSION OF QUARTERLY REPORTS ON INVESTMENTS
MADE AND SOLD OR DISPOSED OF (QRIMSD)

WHEREAS, on 19 April 2016, this Commission issued Circular Letter (CL) No. 2016-24 on the "Submission of Quarterly Reports on Investments Made and Sold or Disposed of" ("QRIMSD"), which requires the submission of said reports by mutual benefit associations ("MBAs") authorized to transact business in the Philippines on or before the twentieth (20th) day of the month following the end of every quarter;

WHEREAS, the third (3rd) paragraph of CL No. 2016-24 requires the submission of a QRIMSD to the Investment Services Division (ISD) indicating the word "NIL" should there be no investments made and sold or disposed of;

WHEREAS, it has been recently observed that there are newly licensed MBAs that failed to submit their respective QRIMSD to the ISD based on various reasons, including their status of being "non-operational";

WHEREAS, accordingly, this Commission finds the need to clarify whether the obligation to submit QRIMSDs shall apply to newly licensed MBAs that have remained "non-operational" since the issuance of their respective Certificates of Authority (CA);

WHEREAS, this Commission further finds the need to revisit the amount of impossible penalties for an MBA's late submission or failure to submit QRIMSD or failure to report an investment under such QRIMSD;

NOW, THEREFORE, in accordance with the undersigned's statutory powers under Section 437 of the Insurance Code of the Philippines, as amended by Republic Act No. 10607, the following guidelines on the "Submission of Quarterly Reports on Investments Made and Sold or Disposed of (QRIMSD)" are hereby promulgated and adopted, to wit:

1. **Definition.** – For purposes of this Circular, an MBA shall be considered as “non-operational” if it shall not have obtained any approved insurance product for sale and/or has no reportable investments.
2. **Compliance.** – Pursuant to Section 423 of the Insurance Code of the Philippines, as amended by Republic Act No. 10607, and for the purposes of monitoring the investments made by MBAs in accordance with the provisions of Section 202 (b) and (j), 204, 206, 207, and 208 of the same Code, all MBAs operating as such with valid certificates of authority to transact business issued by this Commission shall submit their respective QRIMSDs to the ISD on or before the twentieth (20th) day following the end of every quarter.

The report shall cover all such investments as may be made by them during the preceding quarter. If any or all such investments shall seem injudicious to the Insurance Commissioner, he or she may require the sale or disposal of the same. If said investment/s shall not be sold or otherwise disposed of by the erring MBA, said investment/s shall be considered as non-admitted assets.

The QRIMSD shall likewise include a list of investments sold or disposed of during the same period. Should an MBA operating as such with a valid certificate of authority issued by this Commission to transact business have no reportable investments made and sold or disposed of in the preceding quarter, the word “NIL” shall be indicated in the QRIMSD required to be submitted under this Section.

However, MBAs with valid CA issued by this Commission to transact business as such, but are non-operational since the issuance of said certificates shall be excused from submitting QRIMSDs. Provided, however, that an MBA excused to submit its QRIMSD is for purposes of this Circular only and without prejudice to other requirements being implemented by other government regulatory agencies.

Provided further that, MBAs with CAs issued as of 2018 onwards may avail the reliefs/benefits provided in this Section.

3. **Penalties.** – If an MBA shall have failed to timely submit its QRIMSD to the ISD within the period provided in Section 2 hereof, a penalty of Five Thousand Pesos (PHP 5,000.00) for each day of delay shall be imposed; provided, that the total imposable penalty shall in no case exceed Fifty Thousand Pesos (PHP 50,000.00).

If, upon examination by this Commission, an MBA is found to have failed to submit a QRIMSD for an applicable quarter or failed to report an investment therein, a penalty of Twenty Thousand Pesos (PHP 20,000.00) shall be imposed for each unreported investment.

The imposition of the above-mentioned penalties shall be without prejudice to the imposition of other regulatory actions as may be warranted under applicable laws, rules and regulations.